



# HCL Technologies Quarterly Results

## First Quarter FY 2008-09

Investor Release

Noida, NCR, India, October 15, 2008

**Q1 revenues (US\$) up 17.6% YoY and 0.1% sequentially;  
(INR) up 38.6% YoY and 9.2% sequentially**

- *Deals worth more than US\$ 270 mn inked during the quarter*
- *150% Dividend for Q1 announced*
- *Gross employee addition on track at 5,597 and net addition for the quarter at 1,973*
- *Seventh consecutive quarter with declining attrition*
- *29 new clients added during this quarter*

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## Results Highlights

### Highlights for the Quarter (US\$)

- Revenues at US\$ 504.7mn; up 17.6% YoY and 0.1% sequentially
- Revenue on constant currency basis, up 19.2% YoY and 2.4% sequentially
- Net Income at US\$ 75.9 mn; down 2.0% YoY and up 131.5% sequentially
- Interim dividend of 150%, the 23rd consecutive quarterly dividend payout
- Gross additions at 5,597 (Net 1,973) taking headcount to 52,714

### Highlights for the Quarter (INR)

- Revenues at Rs. 2369.3 crore; up 38.6% YoY and 9.2% sequentially
- Net Income at Rs. 356.2 crore; up 15.5% YoY and 152.5% sequentially
- Interim dividend of 150%, the 23rd consecutive quarterly dividend payout
- Gross additions at 5,597 (Net 1,973) taking headcount to 52,714



## Overview

HCL's Blue Ocean strategy continues to gain momentum with its focus on new markets, solutions and offerings that bring enhanced value for customers. Differentiated business and pricing models that HCL pioneered a few years ago are today adding more value and transforming the customers' business. This is especially relevant in today's environment where we have created a firm basis for growth and enhanced our readiness to help our customers become more cost efficient and competitive.

"HCL's ability to anticipate change and adapt to the changing market dynamics ahead of time has stood us in good stead. The strong foundation we laid in focusing on creating customer value through innovative pricing models and integrated service offerings have enhanced our readiness to execute in the long term", said **Shiv Nadar, Chairman and Chief Strategy Officer, HCL Technologies**.

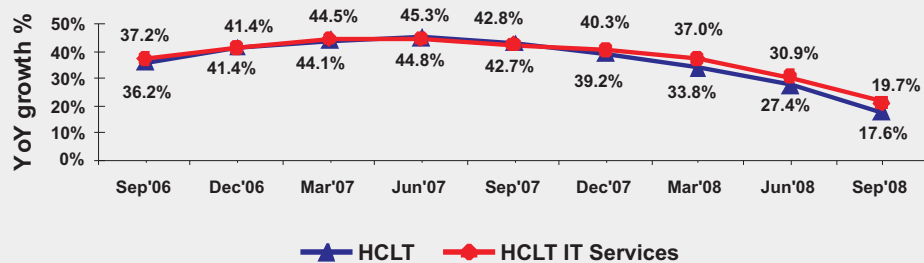
Commenting on the results, **Vineet Nayar, CEO, HCL Technologies** said, "The inking of deals worth US\$ 270 mn providing integrated services to customers demonstrates our ability to keep growth steady in a challenging environment. HCL will focus on 'right spending' and aim to be globally significant, through organic and inorganic growth in the 8 specific areas we have identified."

"This quarter, HCL BPO successfully completed the acquisition of Liberata Financial Services and Control Point Solutions. These two acquisitions reinforce our strategy to move away from linear monotonic growth and delink the growth in revenue from the growth in headcount, and strengthen our platform-based service offerings", said **Ranjit Narasimhan, President and CEO, BPO Services, HCL Technologies Ltd.**

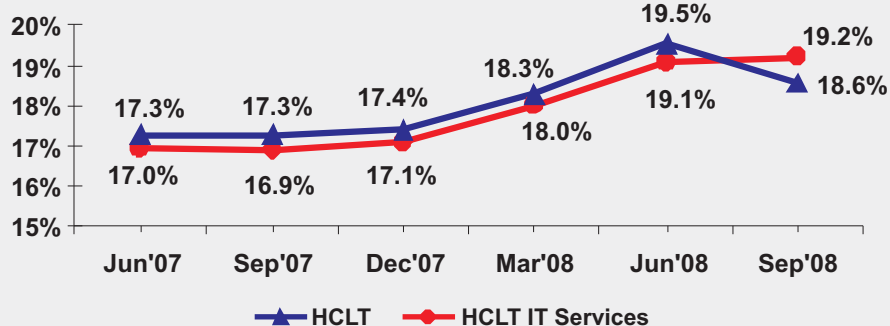


## Business Highlights

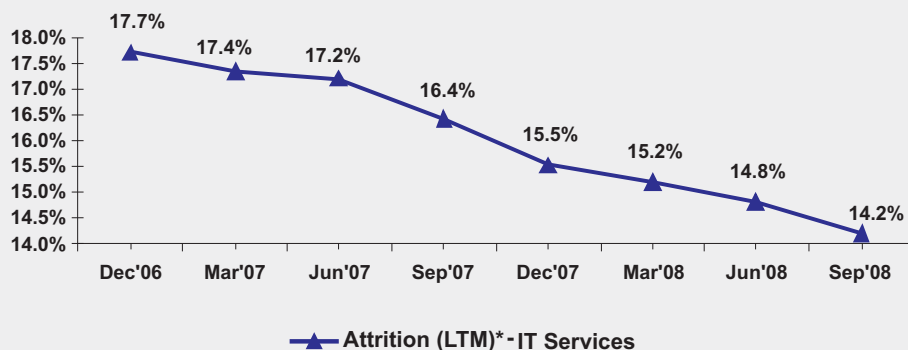
### YoY Revenue Growth Rate - %



### EBIT Margins (%)



### Attrition(LTM) - IT Services



## Key Catalysts for Growth

- HCL continues to post growth in key geographies this quarter
- Amongst Service Lines, Engineering and R&D services, Infrastructure services, Custom Applications witnessed accelerated growth
- HCL has witnessed growth in key verticals including Life Sciences, Manufacturing, Telecom and Media Publishing & Entertainment during the quarter

Particulars	Segment (US \$ ) Growth	Annual YoY	CQGR (Last 4 Qtrs)
<b>Consolidated</b>	<b>For the Company</b>	<b>17.6%</b>	<b>4.1%</b>
Geography	US	24.3%	5.6%
	Europe	10.0%	2.4%
	Asia Pacific	9.2%	2.2%
Service Offering	Engineering and R&D Services	24.6%	5.7%
	Infrastructure Services	22.0%	5.1%
	Custom Application Services	18.9%	4.4%
Industry	Life Sciences	32.0%	7.2%
	Hi - tech & Manufacturing	20.5%	4.8%
	Telecom	19.2%	4.5%
	Media Publishing & Entertainment	19.0%	4.5%
Clients	Top 5 (LTM)	20.8%	4.8%
	Top 10 (LTM)	23.8%	5.5%
	Top 20 (LTM)	23.9%	5.5%



### Multi-service; Multi-year; Multi-million dollar deals

- This quarter, HCL inks **eight deals worth more than US\$ 270 mn** providing integrated services to customers helping them bring in cost efficiencies in the immediate term and competitive advantage in the long run. These deals are spread across Telecom, Financial Services, Media & Entertainment verticals
- HCL signs UAE's first multi-million dollar, multi-year engagement to be delivered remotely. The scope of the project includes integrated IT Operations Management and end-to-end IT infrastructure management for **UAE's fastest growing bank**
- HCL announces opening of its U.S. Delivery Center in North Carolina as part of its **global delivery strategy** to offer customers support from various locations around the world. HCL currently operates delivery centers in India, China, Poland, Singapore, Sydney and N. Ireland

### Transformation @ HCL

- The fourth chapter of HCL **Global Customer Meet** – “Unstructure” to be held in November 08 renews customer commitment towards HCL with more than 500 business leaders from around the world expected to participate in a free flowing debate on topics that will result in insights and ideas for action to help businesses become more competent and sustainable in a challenging environment. A stellar speaker list including Nobel prize winner Al Gore; Prof Gary Hamel; Anne Mulcahy - CEO and Chairman, Xerox; Dennis McGuire - Co- Founder and CEO, TPI; Hanif Lalani, Group CFO, BT; Greg Tomb, President and CEO, North America, SAP; Ronald Buschur, CEO Powerwave, to name a few, will be leading the discussions
- HCL presents its unique perspective on “Thinking Globally” at the **Fortune Brainstorm Tech 2008** event at Half Moon Bay, California. The event is a convergence of Thought Leaders around the world to discuss the impact of technology on ‘what is happening in the world’
- HCL concludes **Directions’09** for the year, a unique platform for the management to engage with employees to share the strategy for enhancing its readiness to meet the challenging environment and setting directions for the coming year. The event, started in 2005, was the first step to translate HCL’s Employee First commitment on the ground empowering its employees to participate actively in HCL’s transformation journey



## Recognitions

- **IDC** mentions HCL is moving away from manpower-based pricing to output-based pricing, from India-focused delivery centers to globally distributed delivery centers
- **Ovum** believes HCL has a solid strategy and proposition in applications outsourcing for European customers. It has a growing emphasis on larger deals under its asset-light and consulting-light 'full service co-sourcing' model
- HCL features in Workforce case study by the **Harvard Business School and Kauffman Foundation** on identifying best workforce management practices in the world, especially from emerging nations. The study presents an overview of the organizations' best practices in recruiting, training, managerial development, and employee retention
- **Information Week** recognizes HCL's Employee First and highlighting the school of thought that believes 'if you treat your people right, they'll be far more motivated and equipped to engage with (and maximize returns from) your customers'
- HCL voted as the Most Innovative Company in the world for its workforce practices and wins the **Optimas award** instituted by Workforce Management
- HCL wins multiple awards including Organization with Innovative HR Practices recognition at the **Asia Pacific HR Congress – Global HR Excellence Awards**

## IT Services Highlights

- HCL Enterprise Application Services wins **multi million dollar deals** across industry verticals including Life Sciences, Retail, Financial Services
- HCL signs three 360 degree partnerships with **global product companies** and new wins especially covering Asia. HCL's traction of new business from existing customers in Financial Services covers two significant wins this quarter
- HCL migrates for a leading **global Telecom Service Provider**, critical business applications that are directly tied with customer's revenue. HCL is the integrator of this complex multi vendor deal, leading business continuity for the customer
- HCL selected for a large application development project at one of the world's largest **Quick Service Restaurant** brands. The application will be used to configure and send pricing, promotional information to the Point of Sale systems from the central hub
- HCL customer **Veolia** Environmental Services (Australia) wins the SAP ANZ Excellence Award for best eSOA implementation in Australia and New Zealand
- HCL awarded the **2007 Outstanding Operational Award** for Information Technology by Merck & Co. Inc. The Award is based on the criteria of scorecard performance, contributions towards the Key Business Result (KBR) for Merck, ability to align IT Services with Merck's business goals and operational excellence
- HCL unveils **Green Datacenter Services** at Computerworld Green IT Symposium that will help enterprise IT organizations reduce their companies' environmental impact through assessing, planning, and implementing green initiatives around their DC environment



- HCL awarded **Global Managed Services Channel Partner** that recognizes HCL's mature delivery model and market success in providing Managed IT infra services to India and Global Clients. HCL is one of the three organizations worldwide and presently the only organization outside US to be successfully audited to be a 'Cisco Powered Datacenter Services Partner'
- Revenues for Q1 at US\$ 447.5 mn; up 19.7% YoY
- EBIT at US\$ 86.0 mn; up 36.1% YoY

### BPO Services Highlights

- HCL completes the acquisition of **Liberata Financial Services** and **Control Point Solutions** as part of its strategy of investing in re-structuring its BPO service offering. The restructured portfolio would have higher emphasis on platform based services. This would have adverse impact on margins in the short term starting this quarter
- HCL ranked 3rd in the **DQ IDC BPO E-SAT survey 2008** rating HCL BPO 5th in the Satisfaction Quotient, and 3rd on relevant appraisal parameters
- HCL wins the **India Times BPO Industry Technology Award 2008**. This award acknowledges the significant contribution of HCL BPO's internal Information Technology (IT) function, and is an endorsement of the innovative use of technology in providing business value
- Revenues for Q1 at US\$ 57.2 mn; up 3.7% YoY
- EBIT at US\$ 7.7 mn; down 29.1% YoY



## Financials

Unaudited Financial results for the quarter ended 30th September, 2008 drawn under US GAAP

### Consolidated Income Statement

Figures in US \$ million

Income Statement	Quarter ending...			Growth	
	30-Sep-07	30-Jun-08	30-Sep-08	YoY	QoQ
<b>Revenues</b>	<b>429.0</b>	<b>504.0</b>	<b>504.7</b>	<b>17.6%</b>	<b>0.1%</b>
Direct Costs	270.2	300.0	305.9		
<b>Gross Profits</b>	<b>158.9</b>	<b>204.0</b>	<b>198.7</b>	<b>25.1%</b>	<b>-2.6%</b>
SG & A	67.5	85.8	85.6		
<b>EBITDA</b>	<b>91.3</b>	<b>118.1</b>	<b>113.1</b>	<b>23.8%</b>	<b>-4.2%</b>
Depreciation & Amortisation	17.2	19.8	19.3		
<b>EBIT</b>	<b>74.1</b>	<b>98.4</b>	<b>93.8</b>	<b>26.5%</b>	<b>-4.7%</b>
Other Income, net	9.0	8.3	11.9		
Provision for Tax	8.7	4.7	9.4		
Share from Equity Investment /of					
Minority Interest	(0.7)	0.5	0.3		
Net Income [before foreign exchange gain/(loss)]	73.8	102.5	96.6	31.0%	-5.7%
Foreign Exchange Gains / (loss)	3.6	(69.7)	(20.8)		
<b>Net Income</b>	<b>77.4</b>	<b>32.8</b>	<b>75.9</b>	<b>-2.0%</b>	<b>131.5%</b>
Gross Margin	37.0%	40.5%	39.4%		
EBITDA Margin	21.3%	23.4%	22.4%		
EBIT Margin	17.3%	19.5%	18.6%		
<b>Earnings Per Share (EPS) - Annualized</b>					
Basic – in US \$	0.47	0.20	0.45		
Diluted – in US \$	0.45	0.19	0.45		
<b>“Weighted average number of Shares used in computing EPS”</b>					
Basic	663,710,658	665,561,705	667,208,948		
Diluted	681,021,338	682,648,533	678,781,727		

Note:- The above result does not take into account

- a) Unrealized gains on treasury investments of US\$ 18.0 mn as on Sep 30, 2008 (US\$ 19.5 mn as of Jun 30, 2008 and US\$ 20.8 mn as on Sep 30, 2007)



b) Non cash employee stock options charge computed under FAS 123R, as per details given here:-

Particulars (in US \$ mn)	30-Sep-07	30-Jun-08	30-Sep-08
Options at market price	1.5	1.3	0.5
Options at less than market price	4.7	4.6	3.9
<b>Total</b>	<b>6.2</b>	<b>5.9</b>	<b>4.3</b>
Tax benefit	0.5	0.5	0.4
<b>Total (net of tax)</b>	<b>5.7</b>	<b>5.4</b>	<b>4.0</b>

Outstanding Options (in equivalent no of shares)	30-Sep-07	30-Jun-08	30-Sep-08
Options at market price	32,833,216	28,208,456	26,381,152
Options at less than market price	14,045,200	12,749,200	11,036,068

These options will vest in tranches from year 2007 to 2011

## Consolidated Balance Sheet

Figures in US \$ million

Particulars	As on	
	30-Jun-08	30-Sep-08
<b>Assets</b>		
a) Cash & Cash Equivalents	89.2	65.1
b) Account Receivables, net	440.1	447.5
c) Treasury Investments	482.8	490.6
d) Other Current Assets	202.5	222.7
<b>A) Total Current Assets (a+b+c+d)</b>	<b>1,214.6</b>	<b>1225.8</b>
B) Property and Equipments, net	309.5	300.8
C) Intangible Assets, net	222.7	232.1
D) Investment in Equity Investee	2.4	2.5
E) Other Assets	117.7	120.3
<b>Total Assets (A+B+C+D+E)</b>	<b>1,866.8</b>	<b>1881.4</b>
<b>Liabilities &amp; Stockholders' Equity</b>		
e) Total Current Liabilities	514.6	548.5
f) Other Liabilities	138.5	179.6
<b>F) Total Liabilities (e+f)</b>	<b>653.0</b>	<b>728.1</b>
G) Minority Interest	1.3	1.3
H) Total Stockholders Equity	1,212.4	1152.0
<b>Total Liabilities and Stockholders Equity (F+G+H)</b>	<b>1,866.8</b>	<b>1881.4</b>



## Consolidated Cash Flow Statement

Figures in US \$ million

Particulars	Period ended 30-Sep-08
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net income	75.8
<b>Adjustments to Reconcile Net Income to Net Cash provided by Operating Activities</b>	
Depreciation and Amortization	19.1
Loss / (Profit) on Sale of Investment Securities	(6.4)
Others	(5.0)
<b>Changes in Assets and Liabilities, net</b>	
Accounts Receivable	(17.6)
Other Assets	(32.2)
Current Liabilities	3.0
<b>Net Cash Provided by Operating Activities</b>	<b>36.7</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of Property and Equipment (net)	(30.9)
(Purchase) / Sale of Investments	(21.2)
Payments for business acquisitions, net of cash acquired	(20.2)
<b>Net Cash used in Investing Activities</b>	<b>(72.3)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Proceeds from Issuance of Employees Stock Options	0.4
Dividend	(0.0)
Others	40.3
<b>Net Cash Provided by (used in) Financing Activities</b>	<b>40.7</b>
Effect of Exchange Rate on Cash and Cash Equivalents	(29.2)
Net increase/ (decrease) in Cash and Cash Equivalents	5.1
<b>CASH AND CASH EQUIVALENTS</b>	
Beginning of the year	89.2
<b>End of the year</b>	<b>65.1</b>



## Segment wise Profitability

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

Figures in US \$ million

Particulars	Quarter ended			Growth	
	30-Sep-07	30-Jun-08	30-Sep-08	YoY	QoQ
<b>Revenues</b>	<b>373.9</b>	<b>447.4</b>	<b>447.5</b>	<b>19.7%</b>	<b>0.0%</b>
Direct Costs	236.3	268.4	269.2		
<b>Gross Profits</b>	<b>137.6</b>	<b>179.0</b>	<b>178.3</b>	<b>29.6%</b>	<b>-0.4%</b>
SG & A	60.6	76.8	75.9		
<b>EBITDA</b>	<b>77.0</b>	<b>102.2</b>	<b>102.3</b>	<b>32.9%</b>	<b>0.2%</b>
Depreciation & Amortisation	13.8	16.9	16.3		
<b>EBIT</b>	<b>63.2</b>	<b>85.3</b>	<b>86.0</b>	<b>36.1%</b>	<b>0.9%</b>
Gross Margin	36.8%	40.0%	39.8%		
EBITDA Margin	20.6%	22.8%	22.9%		
EBIT Margin	16.9%	19.1%	19.2%		

### B. BPO Services

Figures in US \$ million

Particulars	Quarter ended			Growth	
	30-Sep-07	30-Jun-08	30-Sep-08	YoY	QoQ
<b>Revenues</b>	<b>55.1</b>	<b>56.5</b>	<b>57.2</b>	<b>3.7%</b>	<b>1.1%</b>
Direct Costs	33.8	31.6	36.7		
<b>Gross Profits</b>	<b>21.3</b>	<b>25.0</b>	<b>20.5</b>	<b>-3.9%</b>	<b>-18.1%</b>
SG & A	7.0	9.0	9.7		
<b>EBITDA</b>	<b>14.3</b>	<b>16.0</b>	<b>10.8</b>	<b>-24.6%</b>	<b>-32.4%</b>
Depreciation & Amortisation	3.4	2.9	3.1		
<b>EBIT</b>	<b>10.9</b>	<b>13.1</b>	<b>7.7</b>	<b>-29.1%</b>	<b>-40.9%</b>
Gross Margin	38.6%	44.2%	35.8%		
EBITDA Margin	26.0%	28.3%	18.9%		
EBIT Margin	19.8%	23.1%	13.5%		



## A1. Core Software Services

Figures in US \$ million

Particulars	Quarter ended			Growth %	
	30-Sep-07	30-Jun-08	30-Sep-08	YoY	QoQ
<b>Revenues</b>	<b>309.1</b>	<b>371.2</b>	<b>368.5</b>	<b>19.2%</b>	<b>-0.7%</b>
Direct Costs	190.7	217.6	216.0		
<b>Gross Profits</b>	<b>118.4</b>	<b>153.6</b>	<b>152.5</b>	<b>28.8%</b>	<b>-0.7%</b>
SG & A	52.3	65.8	65.1		
<b>EBITDA</b>	<b>66.1</b>	<b>87.9</b>	<b>87.4</b>	<b>32.2%</b>	<b>-0.6%</b>
Depreciation & Amortisation	10.5	13.3	12.8		
<b>EBIT</b>	<b>55.6</b>	<b>74.6</b>	<b>74.6</b>	<b>34.2%</b>	<b>0.0%</b>
Gross Margin	38.3%	41.4%	41.4%		
EBITDA Margin	21.4%	23.7%	23.7%		
EBIT Margin	18.0%	20.1%	20.2%		

## A2. Infrastructure Services

Figures in US \$ million

Particulars	Quarter ended			Growth %	
	30-Sep-07	30-Jun-08	30-Sep-08	YoY	QoQ
<b>Revenues</b>	<b>64.7</b>	<b>76.2</b>	<b>79.0</b>	<b>22.0%</b>	<b>3.7%</b>
Direct Costs	45.6	50.8	53.2		
<b>Gross Profits</b>	<b>19.2</b>	<b>25.4</b>	<b>25.8</b>	<b>34.3%</b>	<b>1.6%</b>
SG & A	8.3	11.1	10.8		
<b>EBITDA</b>	<b>10.9</b>	<b>14.3</b>	<b>14.9</b>	<b>37.1%</b>	<b>4.6%</b>
Depreciation & Amortisation	3.2	3.6	3.4		
<b>EBIT</b>	<b>7.7</b>	<b>10.7</b>	<b>11.5</b>	<b>50.0%</b>	<b>7.7%</b>
Gross Margin	29.6%	33.3%	32.6%		
EBITDA Margin	16.8%	18.7%	18.9%		
EBIT Margin	11.8%	14.0%	14.5%		



## Revenue Analysis

Geographic Mix (Quarter ended)	30-Sep-07	30-Jun-08	30-Sep-08	LTM
US	54.2%	57.4%	57.3%	56.4%
Europe	30.8%	29.1%	28.7%	29.3%
Asia Pacific	15.0%	13.5%	13.9%	14.3%

Service Offering Mix (Quarter ended)	30-Sep-07	30-Jun-08	30-Sep-08	LTM
Enterprise Application Services	11.8%	10.8%	10.9%	10.9%
Engineering and R&D Services	24.8%	26.7%	26.3%	25.8%
Custom Application (Industry Solutions)	35.5%	36.2%	35.8%	36.5%
Infrastructure Services	15.1%	15.1%	15.7%	15.2%
BPO Services	12.8%	11.2%	11.3%	11.5%

Revenue by Contract Type (Qtr ended)	30-Sep-07	30-Jun-08	30-Sep-08
<b>IT Services</b>			
Fixed Price Projects	31.2%	35.0%	36.0%
Time & Material (T&M)	68.8%	65.0%	64.0%

Revenue by Vertical (Quarter ended)	30-Sep-07	30-Jun-08	30-Sep-08
Financial Services	28.7%	27.3%	27.5%
Hi-tech	30.0%	30.7%	30.7%
Telecom	16.3%	16.0%	16.5%
Retail	8.7%	8.8%	8.2%
Media Publishing & Entertainment (MPE)	5.5%	5.6%	5.6%
Life Sciences	5.2%	5.7%	5.9%
Others	5.6%	6.0%	5.6%

Rupee / US Dollar Rate	30-Sep-07	30-Jun-08	30-Sep-08
Quarter Ended	39.84	43.04	46.95
Average for the Quarter	40.36	42.00	44.49

“LTM” - Last Twelve Months



## Client Metrics

Client Data (LTM)	30-Sep-07	30-Jun-08	30-Sep-08	QoQ Increase
Number of Clients				
Active Client Relationship	244	279	295	16
New Client Relationship	19	30	29	

Number of Million Dollar Clients (LTM)	30-Sep-07	30-Jun-08	30-Sep-08	QoQ Increase	YoY Increase
100 Million dollar +	2	2	2	-	-
50 Million dollar +	3	3	3	-	-
40 Million dollar +	4	8	8	-	4
30 Million dollar +	8	12	12	-	4
20 Million dollar +	13	16	17	1	4
10 Million dollar +	27	34	36	2	9
5 Million dollar +	55	66	68	2	13
1 Million dollar +	166	201	205	4	39

Client Contribution to Revenue (LTM)	30-Sep-07	30-Jun-08	30-Sep-08	QoQ growth
Top 5 Clients	27.8%	26.7%	26.1%	1.8%
Top 10 Clients	38.0%	37.3%	36.6%	1.9%
Top 20 Clients	50.7%	49.6%	48.8%	2.3%

Client Business - (LTM)	30-Sep-07	30-Jun-08	30-Sep-08
Repeat Business - Consolidated	94.3%	94.0%	92.9%
<b>Days Sales Outstanding</b>	<b>77</b>	<b>79</b>	<b>80</b>

“LTM” - Last Twelve Months



## Operational Metrics - Core Software

Core Software Services (Quarter Ended)	30-Sep-07	30-Jun-08	30-Sep-08
<b>Efforts</b>			
Offshore	73.9%	74.7%	74.9%
Onsite	26.1%	25.3%	25.1%
<b>Revenue</b>			
Offshore	49.4%	50.2%	52.0%
Onsite	50.6%	49.8%	48.0%
<b>Utilization</b>			
Offshore - Including trainees	69.2%	73.9%	74.4%
Offshore - Excluding trainees	77.2%	74.1%	74.7%
Onsite	95.8%	96.8%	96.5%

Effort (Man Months)	30-Sep-07	30-Jun-08	30-Sep-08
Efforts Billed - Offshore	41,187	48,957	49,603
Efforts Billed – Onsite	14,567	16,608	16,644
<b>Total Billed Efforts</b>	<b>55,754</b>	<b>65,566</b>	<b>66,247</b>
Not Billed	12,813	17,705	17,427
Trainee	6,186	135	213
Not Billed (including trainees)	18,999	17,840	17,640



## Employee Metrics

Manpower Details	30-Sep-07	30-Jun-08	30-Sep-08
<b>Total Employee Count</b>	<b>45,642</b>	<b>50,741</b>	<b>52,714</b>
<b>IT Services (Core Software [A1] + Infrastructure Services [A2])</b>	<b>34,380</b>	<b>37,426</b>	<b>39,550</b>
Technical	30,210	32,822	34,695
Support	4,170	4,604	4,855
Gross addition	4,647	2,894	3,469
Net addition	3,615	863	2,124
Gross lateral employee addition	3,275	2,391	2,802
Attrition (LTM)* - IT Services (Core Software + Infrastructure Services)	16.4%	14.8%	14.2%
<b>BPO Services - Total</b>	<b>11,262</b>	<b>13,315</b>	<b>13,164</b>
Offshore	8,572	10,620	9,404
Onsite	1,648	1,582	2,264
Support	1,042	1,113	1,496
Gross addition	2,020	2,423	2,128
Net addition	10	76	(151)
Gross lateral employee addition	706	1,234	502
Offshore Attrition – Quarterly**	14.2%	12.3%	16.0%
Offshore Attrition - Quarterly** (excluding attrition of joiners less than 6 months)	7.8%	5.4%	6.5%

\* Excludes involuntary attrition

\*\* Excludes UK BPO



### A1. Core Software Services

	30-Sep-07	30-Jun-08	30-Sep-08
<b>Core Software - Total</b>	<b>29,157</b>	<b>30,391</b>	<b>31,271</b>
Technical	25,667	26,592	27,282
Support	3,490	3,799	3,989
Gross addition	3,735	1,792	2,007
Net addition	2,831	4	880
Gross lateral employee addition	2,523	1,580	1,767
Attrition (LTM) *	16.5%	14.8%	14.2%

### A2. Infrastructure Services - Total

	30-Sep-07	30-Jun-08	30-Sep-08
<b>Infrastructure Services - Total</b>	<b>5,223</b>	<b>7,035</b>	<b>8,279</b>
Technical	4,543	6,230	7,413
Support	680	805	866
Gross addition	912	1,102	1,462
Net addition	784	859	1,244
Gross lateral employee addition	752	811	1,035
Attrition (LTM)*	15.9%	14.9%	14.3%

\* Excludes involuntary attrition

## Facility Details

As of 30-Sep-08	Completed		Work in Progress		Land Available for expansion - in acres
	Built Up area (Sq. ft.)	No. of seats	Built Up area (Sq. ft.)	No. of seats	
Gurgaon	343,200	3,020	17,200	200	
Noida (NCR)	1,384,855	15,654	465,545	3,746	31.0
Chennai	2,430,333	21,712	619,557	5,188	27.0
Bangalore	864,900	7,800	518,000	4,400	13.0
Mumbai	28,300	300			
Kolkatta	35,600	300	57,683	652	
Hyderabad	104,954	1,141			
Manesar (Haryana)					10.
UK	88,613	923			
USA	56,532	205			
Northern Ireland (NI)	100,000	1,400			
Poland	16,100	190			
China	15,300	140			
<b>Total</b>	<b>5,468,687</b>	<b>52,785</b>	<b>1,677,985</b>	<b>14,186</b>	<b>81.0</b>



## 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. 46.95 for the quarter ended on 30 Sep 2008; US \$1 = Rs. 43.04 for the quarter ended on 30 Jun 2008; US\$ 1 = Rs. 39.84 for the quarter ended 30 Sep 2007)

### Unaudited Financial results for the quarter ended 30th September 2008 drawn under US GAAP

#### Consolidated Income Statement

Figures in rupees crore

Income Statement	Quarter ending...			Growth	
	30-Sep-07	30-Jun-08	30-Sep-08	YoY	QoQ
<b>Revenues</b>	<b>1,709.2</b>	<b>2,168.8</b>	<b>2,369.3</b>	<b>38.6%</b>	<b>9.2%</b>
Direct Costs	1,076.3	1,291.0	1,436.3		
<b>Gross Profits</b>	<b>632.9</b>	<b>877.8</b>	<b>933.0</b>	<b>47.4%</b>	<b>6.3%</b>
SG & A	269.0	369.4	401.9		
<b>EBITDA</b>	<b>363.9</b>	<b>508.4</b>	<b>531.1</b>	<b>46.0%</b>	<b>4.5%</b>
Depreciation & Amortisation	68.6	85.0	90.8		
<b>EBIT</b>	<b>295.3</b>	<b>423.4</b>	<b>440.3</b>	<b>49.1%</b>	<b>4.0%</b>
Other Income, net	35.9	35.5	55.8		
Provision for Tax	34.6	20.3	43.9		
Share from Equity Investment /of					
Minority Interest	(2.8)	2.3	1.4		
Net Income [before foreign exchange gain/(loss)]	293.9	440.9	453.6	54.3%	2.9%
Foreign Exchange Gains / (loss)	14.5	(299.9)	(97.4)		
<b>Net Income</b>	<b>308.4</b>	<b>141.0</b>	<b>356.2</b>	<b>15.5%</b>	<b>152.5%</b>
Gross Margin	37.0%	40.5%	39.4%		
EBITDA Margin	21.3%	23.4%	22.4%		
EBIT Margin	17.3%	19.5%	18.6%		
<b>Earnings Per Share (EPS) - Annualized</b>					
Basic – in Rupees (FV Rs. 2/-)	18.59	8.47	21.35		
Diluted – in Rupees (FV Rs. 2/-)	18.11	8.26	20.99		
<b>“Weighted average number of Shares used in computing EPS”</b>					
Basic	663,710,658	665,561,705	667,208,948		
Diluted	681,021,338	682,648,533	678,781,727		

Note:- The above result does not take into account

a) Unrealized gains on treasury investments of Rs 84.3 crores as on Sep 30, 2008 (Rs 83.7 crores as of June 30, 2008 and Rs 82.9 crores as on Sep 30, 2007)



b) 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-07	30-Jun-08	30-Sep-08
Options at market price	6.0	5.5	2.2
Options at less than market price	18.7	19.9	18.2
<b>Total</b>	<b>24.7</b>	<b>25.4</b>	<b>20.4</b>
Tax benefit	2.0	2.3	1.7
<b>Total (net of tax)</b>	<b>22.7</b>	<b>23.1</b>	<b>18.7</b>

Outstanding Options (in equivalent no of shares)	30-Sep-07	30-Jun-08	30-Sep-08
Options at market price	32,833,216	28,208,456	26,381,152
Options at less than market price	14,045,200	12,749,200	11,036,068

These options will vest in tranches from year 2007 to 2011

## Consolidated Balance Sheet

Figures in Rs crores

Particulars	As on	
	30-Jun-08	30-Sep-08
<b>Assets</b>		
a) Cash and Cash Equivalents	384.0	305.6
b) Accounts Receivable, net	1,894.0	2,101.0
c) Treasury Investments	2,077.9	2,303.2
d) Other Current Assets	871.3	1,045.5
<b>A) Total current assets (a+b+c+d)</b>	<b>5,227.2</b>	<b>5,755.3</b>
B) Property and Equipment, net	1,331.7	1,412.2
C) Intangible Assets, net	958.5	1,089.6
D) Investment in Equity Investee	10.1	11.5
E) Other Assets	506.3	564.7
<b>Total assets (A+B+C+D+E)</b>	<b>8,033.8</b>	<b>8,833.3</b>
<b>Liabilities and Stockholders' Equity</b>		
e) Total Current Liabilities	2,214.5	2,575.3
f) Other Liabilities	595.9	843.2
<b>F) Total Liabilities (e+f)</b>	<b>2,810.3</b>	<b>3,418.5</b>
G) Minority Interest	5.7	6.2
H) Total Stockholders equity	5,217.7	5,408.5
<b>Total liabilities and stockholders equity (F+G+H)</b>	<b>8,033.8</b>	<b>8,833.3</b>



## Segment wise Profitability

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

Figures in Rs crores

Particulars	Quarter ended			Growth	
	30-Sep-07	30-Jun-08	30-Sep-08	YoY	QoQ
<b>Revenues</b>	<b>1,489.5</b>	<b>1,925.5</b>	<b>2,101.0</b>	<b>41.1%</b>	<b>9.1%</b>
Direct Costs	941.5	1,155.2	1,264.0		
<b>Gross Profits</b>	<b>548.0</b>	<b>770.3</b>	<b>837.0</b>	<b>52.7%</b>	<b>8.7%</b>
SG & A	241.2	330.7	356.6		
<b>EBITDA</b>	<b>306.8</b>	<b>439.6</b>	<b>480.4</b>	<b>56.6%</b>	<b>9.3%</b>
Depreciation & Amortisation	54.9	72.5	76.4		
<b>EBIT</b>	<b>251.9</b>	<b>367.1</b>	<b>404.0</b>	<b>60.4%</b>	<b>10.1%</b>
Gross Margin	36.8%	40.0%	39.8%		
EBITDA Margin	20.6%	22.8%	22.9%		
EBIT Margin	16.9%	19.1%	19.2%		

### B. BPO Services

Figures in Rs crores

Particulars	Quarter ended			Growth	
	30-Sep-07	30-Jun-08	30-Sep-08	YoY	QoQ
<b>Revenues</b>	<b>219.8</b>	<b>243.3</b>	<b>268.3</b>	<b>22.2%</b>	<b>10.3%</b>
Direct Costs	134.8	135.8	172.3		
<b>Gross Profits</b>	<b>84.8</b>	<b>107.5</b>	<b>96.1</b>	<b>13.2%</b>	<b>-10.6%</b>
SG & A	27.7	38.7	45.4		
<b>EBITDA</b>	<b>57.1</b>	<b>68.8</b>	<b>50.7</b>	<b>-11.2%</b>	<b>-26.3%</b>
Depreciation & Amortisation	13.7	12.5	14.4		
<b>EBIT</b>	<b>43.4</b>	<b>56.3</b>	<b>36.3</b>	<b>-16.4%</b>	<b>-35.6%</b>
Gross Margin	38.6%	44.2%	35.8%		
EBITDA Margin	26.0%	28.3%	18.9%		
EBIT Margin	19.8%	23.1%	13.5%		



## A1. Core Software Services

Figures in Rs crores

Particulars	Quarter ended			Growth	
	30-Sep-07	30-Jun-08	30-Sep-08	YoY	QoQ
<b>Revenues</b>	<b>1,231.6</b>	<b>1,597.6</b>	<b>1,730.1</b>	<b>40.5%</b>	<b>8.3%</b>
Direct Costs	759.9	936.4	1,014.1		
<b>Gross Profits</b>	<b>471.7</b>	<b>661.2</b>	<b>716.0</b>	<b>51.8%</b>	<b>8.3%</b>
SG & A	208.2	283.0	305.7		
<b>EBITDA</b>	<b>263.4</b>	<b>378.2</b>	<b>410.3</b>	<b>55.8%</b>	<b>8.5%</b>
Depreciation & Amortisation	42.0	57.0	60.3		
<b>EBIT</b>	<b>221.4</b>	<b>321.2</b>	<b>350.0</b>	<b>58.1%</b>	<b>9.0%</b>
Gross Margin	38.3%	41.4%	41.4%		
EBITDA Margin	21.4%	23.7%	23.7%		
EBIT Margin	18.0%	20.1%	20.2%		

## A2. Infrastructure Services

Figures in Rs crores

Particulars	Quarter ended			Growth	
	30-Sep-07	30-Jun-08	30-Sep-08	YoY	QoQ
<b>Revenues</b>	<b>258.0</b>	<b>328.0</b>	<b>370.9</b>	<b>43.8%</b>	<b>13.1%</b>
Direct Costs	181.6	218.8	249.9		
<b>Gross Profits</b>	<b>76.4</b>	<b>109.1</b>	<b>120.9</b>	<b>58.3%</b>	<b>10.8%</b>
SG & A	33.0	47.7	50.8		
<b>EBITDA</b>	<b>43.4</b>	<b>61.4</b>	<b>70.1</b>	<b>61.5%</b>	<b>14.1%</b>
Depreciation & Amortisation	12.9	15.5	16.1		
<b>EBIT</b>	<b>30.5</b>	<b>45.9</b>	<b>53.9</b>	<b>76.8%</b>	<b>17.5%</b>
Gross Margin	29.6%	33.3%	32.6%		
EBITDA Margin	16.8%	18.7%	18.9%		
EBIT Margin	11.8%	14.0%	14.5%		



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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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