



HCL Technologies Quarterly Results

Second Quarter FY 2007-08

Investor Release

Noida, NCR, India, January 17, 2008

**HCL Tech Half Yearly revenues at US \$ 890 mn; up 41%
and net income up 36%**

Q2 revenues up 39% and net income up 31%

HCL puts India on the map;

- *HCL Infrastructure Services ranked No.1 by the Black Book of Outsourcing ahead of all leading global and Indian players*
- *HCL awarded the Highly Commended Vendor title by the European National Outsourcing Association for providing innovative and collaborative outsourcing solutions, and first-rate customer service*

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Results Highlights

Highlights for the Half Year 07-08 (US \$)

- Revenues at US \$ 890 mn; up 40.9% YoY
- Net Income at US \$ 161.9 mn; up 35.8% YoY
- Total dividend payout of 200%
- 5937 net additions in headcount, taking employee strength to 48,000

Highlights for the Half Year 07-08 (INR)

- Revenues at Rs. 3,525.8 crore, up 24.0% YoY
- Net Income at Rs. 641.3 crore; up 19.5% YoY

Highlights for the Quarter (US \$)

- Revenues at US \$ 461 mn; up 39.2% YoY and 7.4% sequentially
- LTM (last twelve months) revenues at US \$ 1.65 bn
- Net Income at US \$ 84.5 mn; up 30.6% YoY and 9.1% sequentially
- Interim dividend of 100%, the 20th consecutive quarterly dividend
- 2312 net additions in headcount

Highlights for the Quarter (INR)

- Revenues at Rs. 1816.6 crore, up 24.0% YoY and 6.3% sequentially
- LTM revenues at Rs. 6715.0 cr
- Net Income at Rs. 332.9 crore; up 16.3% YoY and 7.9% sequentially



Overview

When HCL began its Transformation journey in 2005, it spotted an early inflection point in the industry to focus on value as opposed to volume. The first phase of our Transformation journey, centred around **Employee First, Multi-Service offerings** and **Outcome based pricing** led us to be recognised as a thought leader and enabled us to win large transformational deals. We are now into the second phase of this journey and this quarter marks the establishment of the strong foundation of **Collaborative Transformation** as a way of business. We believe that this collaborative approach with customers and partners will create a deeper and more sustained impact, expand and create new markets.

“HCL pioneered modern computing three decades ago, and has continued to be a Thought Leader by gauging inflection points early and changing the paradigm in a dynamic market scenario. In our Transformation journey, we are now focused on co-creating value through strategic partnerships that we believe will become yet another industry trend in the coming years”, said **Shiv Nadar, Chairman and Chief Strategy Officer, HCL Technologies.**

“Our **Blue Ocean approach** to business continues to pay rich dividends and we are proud to be **ranked No. 1** ahead of all global players in Remote Infrastructure Management (RIM) by the Black Book of Outsourcing and awarded the Highly Commended Vendor title by the National Outsourcing Association in Europe. Our commitment to Trust and Transparency in every aspect of business has helped us be voted as the **best company for Investor Relations** in India by Asiamoney. All these are proof points that our Transformation journey is on the right track.” said **Vineet Nayar, CEO, HCL Technologies.**

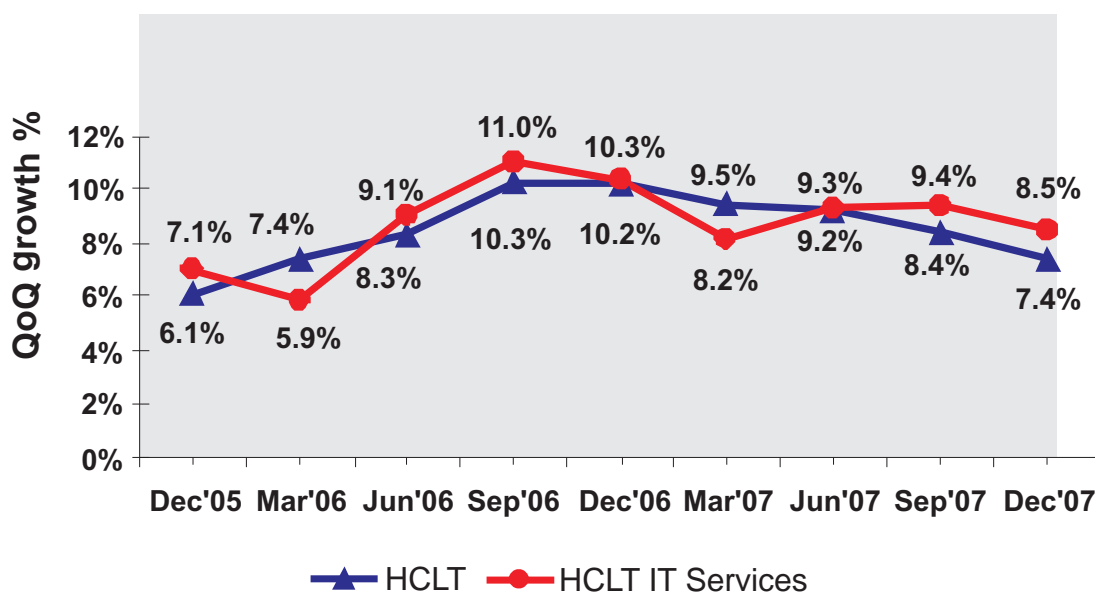
“This quarter, HCL BPO witnessed a 31.9% YoY increase in revenue and 76.8% EBIT. Despite the rise in rupee against the dollar, HCL BPO's EBITDA is maintained at 26.0%. Further endorsing our strength is the National Outsourcing Association that honoured HCL BPO with the Special Award for consistent excellence in outsourcing practices across all disciplines.” said **Ranjit Narasimhan, President & CEO, HCL Technologies-BPO Services.**



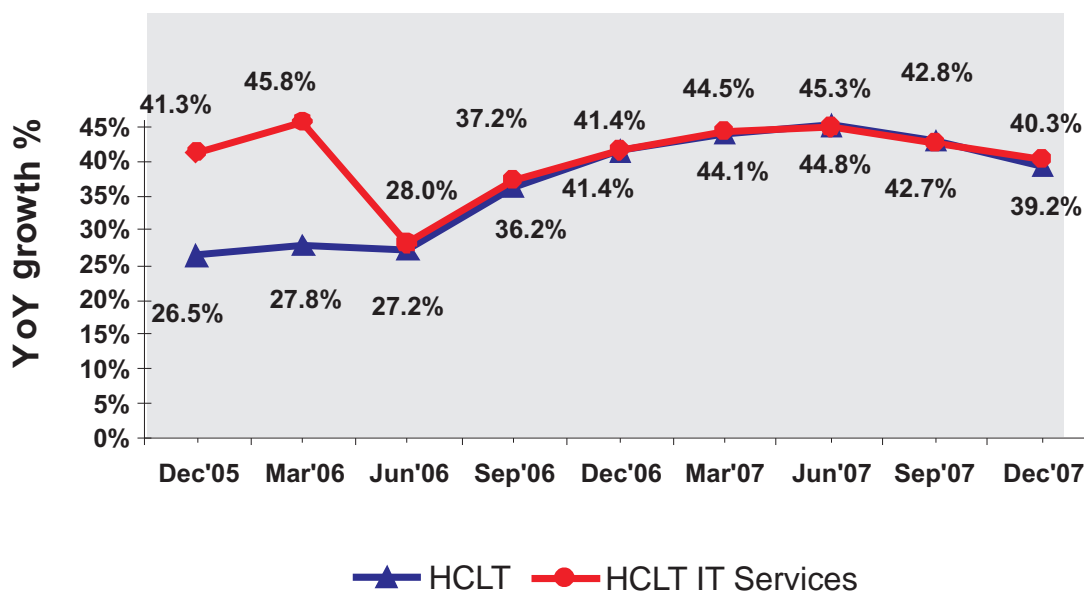
Business Highlights

In the last 8 quarters, HCL's growth has been **consistent**, ramping up in both revenues and profitability, making it one of the fastest growing IT service providers. The growth in this period is illustrated in the graphs below:

QoQ Revenue Growth Rate - %



YoY Revenue Growth Rate - %



Key Catalysts for Growth

- Asia-Pacific and Europe led growth from a geography perspective this quarter. The US region has been growing well with a QoQ growth of 8.9%
- Among Service Lines, Infrastructure Services, Engineering & R&D Services (ERS) 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, Financial Services and Telecom
- 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	8.6%	39.2%
Geography	Asia Pacific	12.2%	58.2%
	Europe	9.1%	41.6%
	US	7.5%	33.6%
Service Offering	Infrastructure Services	11.1%	52.2%
	Engineering and R&D Services	9.4%	43.0%
	Custom Application Services (Industry Solutions)	8.9%	40.4%
Industry	Life Sciences	17.8%	92.4%
	Financial Services	10.6%	49.4%
	Telecom	8.6%	39.0%
	Media Publishing & Entertainment	8.4%	38.1%
Clients	Top 5 (LTM)	6.9%	30.4%
	Top 10 (LTM)	8.4%	38.2%
	Top 20 (LTM)	8.8%	40.0%



Leading the way with Collaborative Transformation

HCL highlights some of its unique, strategic and transformational partnerships that are proof points of its success in leading the way with Collaborative Transformation.

- HCL and **Misys plc.**, a leading provider of integrated, comprehensive solutions to organizations in financial services and healthcare industries signed a landmark deal to open new markets and drive innovation, quality improvements and speed to market for key Misys financial services solutions in high growth economies
- HCL announced a strategic technology partnership with **Quest Diagnostics**, a leading provider of diagnostic testing, information and services, to accelerate the launch of the latter's India operations with a complete management of the company's IT infrastructure
- HCL expanded its existing relationship that began in 2004 with **Merck & Co. Inc.**, global leader in pharmaceuticals and announced a new multi-year, multi service, global transformational engagement to provide strategic support to Merck's key IT initiatives

Transformation @ HCL

- HCL hosted the third edition of the Global Customer Meet – '**Explore & Transform' 2007** on 28-30th October. The event was attended by more than **350 CxOs**, who collaborated and debated on some of the burning and relevant issues relating to the business of technology business around the theme of '**Collaborative Transformation**'. Once again this year, HCL set the stage for some of the most influential industry leaders to discuss the power of collaboration and how it can bring transformation to the enterprise of future
- A step towards building the 'Technologies of the Future', the HCL Technology Hub was inaugurated on November 1, 2007 by Mr. Kamal Nath, Hon'ble Minister of Commerce & Industry, in the presence of Chief Guest Dr. A.P.J Abdul Kalam, Hon'ble Former President of India and Mr. P. Chidambaram, Hon'ble Finance Minister, who presided over this function. Dr. Kalam, on the occasion, outlined his vision for the transformational role of technology in shaping the future of India and the world. He remarked that **the emergence of institutions like HCL has facilitated global competitiveness and helped in transforming India as a knowledge society**. Mr. Chidambaram and Mr. Kamal Nath also spoke about the role of technology in enabling growth & development. The Technology Hubs, slated to come up in several cities like Madurai and Nagpur in the coming years will be the crucible of knowledge sharing, fermentation of ideas and the incubation and development of powerful next generation intellectual property
- HCL is an **Industry Partner** with the **World Economic Forum**



Recognitions

- HCL Infrastructure Services Division has been ranked World No. 1 in IT Infrastructure Outsourcing Vendor by Independent Global User Survey by **Brown & Wilson Black Book of Outsourcing** ahead of all leading global players
- The European **National Outsourcing Association** has awarded the Highly Commended Vendor title to HCL for providing businesses with leading, innovative collaborative outsourcing solutions and first rate customer service which transform business performance
- **Business Week** states HCL' Employee First as a new and radical management philosophy which will catch on with the world sooner or later
- **USA Today** believes HCL's Employee First and 'democratization' of management concept could 'bring about a corporate renaissance'
- **Asiamoney's** Best Managed Companies Poll voted HCL as one of the best company in India for Investor Relations
- Shiv Nadar received the **Ernst & Young** Entrepreneur of the Year Award 2007 in the 'Services' category for being "a doyen of the Indian IT industry and perhaps its chief architect"
- **IDC** praises HCL's shift in focus from volume to value in Asia Pacific. With its new value-centric approach, HCL aims to drive higher revenue and gain market share from the other India SPs as well as challenge the traditional leaders in the IT and business services market place

Core Software Services Highlights

- Our Blue Ocean approach and strategy of focusing on domain expertise and service offerings has reaped rich dividends leading us to grow in key verticals. Our consistent growth in Life Sciences and Financial Services verticals is a good example of the same
- HCL completed the company's first Oracle 12i implementation for **SolFocus**, a pioneer in the development of solar energy systems. The partnership continues to focus on the mission to develop technology to leverage the untapped solar energy potential and contribute to the environment.
- Revenues for Q2 at US \$ 334.9mn, up 38.0% YoY
- EBITDA (before non cash charge) for Q2 at US \$ 72.3mn, up 30.3% YoY
- EBIT at US \$ 60.8mn, up 28.2% YoY

Infrastructure Services Highlights

- HCL Infrastructure Services Division also ranks amongst the 'Best Companies to Work for in India' (**BT-TNS Mercer Survey**) for the fourth consecutive year
- HCL declared a Market Leader in Domestic Remote Infrastructure Management by **Frost & Sullivan** for second consecutive year
- Revenues for Q2 at US \$ 70.6 mn, up 52.2 % YoY
- EBITDA (before non cash charge) for Q2 at US \$ 11.9mn, up 46.6% YoY
- EBIT at US \$ 8.5 mn, up 52.8% YoY



BPO Services Highlights

- Received the NOA (National Outsourcing Association) Special Award for consistent excellence for outsourcing practice across all disciplines
- Ranked in the Top 10 list of the Data Quest IDC BPO E-SAT survey 2007
- Added two new customers in KPO space
- Revenues for Q2 at US \$ 55.4 mn, up 31.9% YoY
- EBITDA (before non cash charge) for Q2 at US \$ 14.4 mn, up 49.4% YoY
- EBIT at US \$ 11.0 mn, up 76.8% YoY
- Quarterly net addition to headcount: 603, taking the employee strength to 11,865



Financials

Un-audited Financial results for the quarter ended 31st December 2007

Consolidated Income Statement

Figures in US \$ million

Income Statement	Quarter ending...			Growth	
	31-Dec-06	30-Sep-07	31-Dec-07	YoY	QoQ
Revenues	331.1	429.0	461.0	39.2%	7.4%
Direct Costs	205.8	270.2	285.7		
Gross Profits	125.3	158.9	175.3	39.9%	10.3%
SG & A	52.0	67.5	76.7		
EBITDA	73.2	91.3	98.6	34.6%	7.9%
Depreciation & Amortisation	14.1	17.2	18.4		
EBIT	59.1	74.1	80.2	35.6%	8.2%
Foreign Exchange Gains/(loss)	7.8	3.6	1.5		
Other Income, net	3.0	9.0	12.3		
Provision for Tax	4.7	8.7	9.0		
Share from Equity Investment /of					
Minority Interest	(0.7)	(0.7)	(0.5)		
Net Income	64.7	77.4	84.5	30.6%	9.1%
Gross Margin	37.8%	37.0%	38.0%		
EBITDA Margin	22.1%	21.3%	21.4%		
EBIT Margin	17.9%	17.3%	17.4%		
Net Income Margin	19.5%	18.0%	18.3%		
Earnings Per Share (EPS) - Annualized					
Basic – in US \$	0.40	0.47	0.51		
Diluted – in US \$	0.38	0.45	0.50		
“Weighted average number of Shares used in computing EPS”					
Basic	648,778,984	663,710,658	663,786,975		
Diluted	683,395,420	681,021,338	682,427,142		

Note:- The above result does not take into account

- a) Unrealized gains on treasury investments of US \$ 20.3 mn as on Dec 31, 2007 (US \$ 20.8 mn as on Sept 30, 2007 and US \$ 15.3 mn as of Dec 31, 2006)



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

Particulars (in US \$ mn)	31-Dec-06	30-Sep-07	31-Dec-07
Options at market price	2.2	1.5	1.4
Options at less than market price	4.0	4.7	4.7
Total	6.2	6.2	6.1
Tax benefit	0.2	0.5	0.5
Total (net of tax)	6.0	5.7	5.6

Outstanding Options (in equivalent no of shares)	31-Dec-06	30-Sep-07	31-Dec-07
Options at market price	50,042,848	32,833,216	32,281,456
Options at less than market price	15,074,400	14,045,200	13,862,000

These options will vest in tranches from year 2007 to 2011

Consolidated Balance Sheet

Figures in US \$ million

Particulars	As on	
	30-Jun-07	31-Dec-07
Assets		
a) Cash & Cash Equivalents	88.0	58.5
b) Account Receivables, net	301.4	365.1
c) Treasury Investments	472.9	599.1
d) Other Current Assets	174.7	274.7
A) Total Current Assets (a+b+c+d)	1,037.0	1,297.4
B) Property and Equipments, net	257.6	289.2
C) Intangible Assets, net	197.9	201.4
D) Investment in Equity Investee	2.4	2.1
E) Other Assets	57.6	61.2
Total Assets (A+B+C+D+E)	1,552.5	1,851.3
Liabilities & Stockholders' Equity		
e) Total Current Liabilities	286.2	406.1
f) Long-Term Debt	-	-
g) Other Liabilities	31.7	27.0
F) Total Liabilities (e+f+g)	317.9	433.1
G) Minority Interest	3.6	4.6
H) Total Stockholders Equity	1,231.0	1,413.7
Total Liabilities and Stockholders Equity (F+G+H)	1,552.5	1,851.3



Consolidated Cash Flow Statement

Figures in US \$ million

Particulars	Six months ended 31-Dec-07
CASH FLOWS FROM OPERATING ACTIVITIES	
Net income	161.9
Adjustments to Reconcile Net Income to Net Cash provided by Operating Activities	
Depreciation and Amortization	35.6
Loss / (Profit) on Sale of Investment Securities	(15.5)
Others	(2.0)
Changes in Assets and Liabilities, net	
Accounts Receivable	(59.6)
Other Assets	(31.4)
Current Liabilities	48.4
Net Cash Provided by Operating Activities	137.3
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Property and Equipment (net)	(57.1)
(Purchase) / Sale of Investments	(98.4)
Net Cash used in Investing Activities	(155.5)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from Issuance of Employees Stock Options	2.3
Dividend	(77.9)
Others	58.8
Net Cash Provided by (used in) Financing Activities	(16.8)
Effect of Exchange Rate on Cash and Cash Equivalents	5.4
Net increase/ (decrease) in Cash and Cash Equivalents	(35.0)
CASH AND CASH EQUIVALENTS	
Beginning of the year	88.0
End of the year	58.5



Segment wise Profitability

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

Figures in US \$ million

Particulars	Quarter ended			Growth	
	31-Dec-06	30-Sep-07	31-Dec-07	YoY	QoQ
Revenues	289.1	373.9	405.5	40.3%	8.5%
Direct Costs	179.1	236.3	252.7		
Gross Profits	110.0	137.6	152.9	39.0%	11.1%
SG & A	46.4	60.6	68.7		
EBITDA	63.6	77.0	84.2	32.4%	9.3%
Depreciation & Amortisation	10.7	13.8	15.0		
EBIT	52.9	63.2	69.2	30.8%	9.5%
Gross Margin	38.0%	36.8%	37.7%		
EBITDA Margin	22.0%	20.6%	20.8%		
EBIT Margin	18.3%	16.9%	17.1%		

B. BPO Services

Figures in US \$ million

Particulars	Quarter ended			Growth	
	31-Dec-06	30-Sep-07	31-Dec-07	YoY	QoQ
Revenues	42.0	55.1	55.4	31.9%	0.5%
Direct Costs	26.7	33.8	33.0		
Gross Profits	15.3	21.3	22.4	46.5%	5.3%
SG & A	5.7	7.0	8.0		
EBITDA	9.6	14.3	14.4	49.4%	0.5%
Depreciation & Amortisation	3.4	3.4	3.4		
EBIT	6.2	10.9	11.0	76.8%	1.0%
Gross Margin	36.4%	38.6%	40.4%		
EBITDA Margin	22.9%	26.0%	26.0%		
EBIT Margin	14.8%	19.8%	19.9%		



A1. Core Software Services

Figures in US \$ million

Particulars	Quarter ended			Growth %	
	31-Dec-06	30-Sep-07	31-Dec-07	YoY	QoQ
Revenues	242.7	309.1	334.9	38.0%	8.3%
Direct Costs	147.9	190.7	203.8		
Gross Profits	94.8	118.4	131.2	38.3%	10.8%
SG & A	39.3	52.3	58.9		
EBITDA	55.5	66.1	72.3	30.3%	9.4%
Depreciation & Amortisation	8.1	10.5	11.5		
EBIT	47.4	55.6	60.8	28.2%	9.3%
Gross Margin	39.1%	38.3%	39.2%		
EBITDA Margin	22.9%	21.4%	21.6%		
EBIT Margin	19.5%	18.0%	18.1%		

A2. Infrastructure Services

Figures in US \$ million

Particulars	Quarter ended			Growth %	
	31-Dec-06	30-Sep-07	31-Dec-07	YoY	QoQ
Revenues	46.4	64.7	70.6	52.2%	9.1%
Direct Costs	31.3	45.6	48.9		
Gross Profits	15.2	19.2	21.7	43.2%	13.2%
SG & A	7.0	8.3	9.8		
EBITDA	8.1	10.9	11.9	46.6%	9.2%
Depreciation & Amortisation	2.6	3.2	3.4		
EBIT	5.5	7.7	8.5	52.8%	10.5%
Gross Margin	32.6%	29.6%	30.7%		
EBITDA Margin	17.5%	16.8%	16.8%		
EBIT Margin	11.9%	11.8%	12.0%		



Revenue Analysis

Geographic Mix (Quarter ended)	31-Dec-06	30-Sep-07	31-Dec-07	LTM
US	57.3%	54.2%	55.0%	54.4%
Europe	29.2%	30.8%	29.7%	30.3%
Asia Pacific	13.5%	15.0%	15.3%	15.3%

Service Offering Mix (Quarter ended)	31-Dec-06	30-Sep-07	31-Dec-07	LTM
Enterprise Application Services	12.7%	11.8%	11.1%	12.0%
Engineering and R&D Services	24.2%	24.8%	24.9%	24.3%
Custom Application (Industry Solutions)	36.3%	35.5%	36.7%	35.9%
Infrastructure Services	14.0%	15.1%	15.3%	14.9%
BPO Services	12.7%	12.8%	12.0%	13.0%

Revenue by Contract Type (Qtr ended)	31-Dec-06	30-Sep-07	31-Dec-07
IT Services			
Time & Material (T&M)	70.7%	68.8%	67.8%
Fixed Price Projects	29.3%	31.2%	32.2%

Revenue by Vertical (Quarter ended)	31-Dec-06	30-Sep-07	31-Dec-07
Financial Services	27.2%	28.7%	29.2%
Hi-tech	29.7%	30.0%	28.5%
Telecom	16.2%	16.3%	16.1%
Retail	10.6%	8.7%	8.8%
Media Publishing & Entertainment (MPE)	5.9%	5.5%	5.9%
Life Sciences	4.0%	5.2%	5.6%
Others	6.4%	5.6%	5.9%

Rupee / US Dollar Rate	31-Dec-06	30-Sep-07	31-Dec-07
Quarter Ended	44.25	39.84	39.41
Average for the Quarter	44.68	40.36	39.45

“LTM” - Last Twelve Months



Client Metrics

Client Data (LTM)	31-Dec-06	30-Sep-07	31-Dec-07	QoQ Increase
Number of Clients				
Active Client Relationship	230	244	256	12
New Client Relationship	23	19	29	
Multi Service Delivery Clients	45	55	57	2

Number of Million Dollar Clients (LTM)	31-Dec-06	30-Sep-07	31-Dec-07	QoQ Increase	YoY Increase
100 Million dollar +	1	2	2	-	1
50 Million dollar +	3	3	3	-	-
40 Million dollar +	4	4	5	1	1
30 Million dollar +	4	8	10	2	6
20 Million dollar +	8	13	15	2	7
10 Million dollar +	22	27	29	2	7
5 Million dollar +	46	55	59	4	13
1 Million dollar +	145	166	175	9	30

Client Contribution to Revenue (LTM)	31-Dec-06	30-Sep-07	31-Dec-07	QoQ growth
Top 5 Clients	29.7%	27.8%	27.2%	6.0%
Top 10 Clients	39.0%	38.0%	37.8%	7.9%
Top 20 Clients	51.5%	50.7%	50.5%	8.1%

Client Business - (LTM)	31-Dec-06	30-Sep-07	31-Dec-07
Repeat Business - Consolidated	88.2%	94.3%	94.7%
Days Sales Outstanding	70	77	72

“LTM” - Last Twelve Months



Operational Metrics - Core Software

Core Software Services (Quarter Ended)	31-Dec-06	30-Sep-07	31-Dec-07
Efforts			
Offshore	73.5%	73.9%	74.6%
Onsite	26.5%	26.1%	25.4%
Revenue			
Offshore	49.0%	49.4%	50.5%
Onsite	51.0%	50.6%	49.5%
Utilization			
Offshore - Including trainees	69.4%	69.2%	69.1%
Offshore - Excluding trainees	74.6%	77.2%	75.5%
Onsite	95.2%	95.8%	96.4%

Effort (Man Months)	31-Dec-06	30-Sep-07	31-Dec-07
Efforts Billed - Offshore	33,986	41,187	44,660
Efforts Billed - Onsite	12,278	14,567	15,185
Total Billed Efforts	46,264	55,754	59,845
Not Billed	12,177	12,813	15,091
Trainee	3,414	6,186	5,427
Not Billed (including trainees)	15,591	18,999	20,518



Employee Metrics

Manpower Details	31-Dec-06	30-Sep-07	31-Dec-07
Total Employee Count	38,317	45,642	47,954
Core Software – Total	22,523	29,157	30,484
Technical	20,004	25,667	26,778
Support	2,519	3,490	3,706
Gross addition	1,873	3,735	2,676
Net addition	580	2,831	1,327
Gross lateral employee addition	1,553	2,523	1,541
Attrition (LTM) *	17.8%	16.5%	15.5%
Infrastructure Services - Total	3,613	5,223	5,605
Technical	3,071	4,543	4,894
Support	542	680	711
Gross addition	398	912	656
Net addition	216	784	382
Gross lateral employee addition	361	752	551
Attrition (LTM)*	16.8%	15.9%	15.6%
Attrition (LTM)* - IT Services (Core Software + Infrastructure Services)	17.7%	16.4%	15.5%
BPO Services - Total	12,181	11,262	11,865
Offshore	9,965	8,572	9,184
Onsite	1,378	1,648	1,620
Support	838	1,042	1,061
Gross addition	3,651	2,020	2,306
Net addition	1,069	10	603
Gross lateral employee addition	1,170	706	749
Offshore Attrition – Quarterly**	19.9%	14.2%	12.3%
Offshore Attrition - Quarterly** (excluding attrition of joiners less than 6 months)	5.9%	7.8%	8.4%

* Excludes involuntary attrition

** Excludes UK BPO



Facility Details

As of 31 December 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	343,200	2,900	17,200	200	
Noida (NCR)	1,315,900	15,000	534,500	4,400	31.0
Chennai	2,029,900	17,900	1,069,200	9,000	27.0
Bangalore	864,900	7,800	518,000	4,400	13.0
Mumbai	28,300	300			
Kolkatta	35,600	300			
Hyderabad	66,000	700			
Northern Ireland (NI)	100,000	1,400			
Manesar (Haryana)	-				10.0
Poland	10,500	120	5,600	70	
China	15,300	140			
Total	4,809,600	46,560	2,144,500	18,070	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. 39.41 for the quarter ended on 31 Dec'07, US \$1 = Rs. 39.84 for the quarter ended on 30 Sep'07; US \$1 = Rs. 44.25 for quarter ended on 31 Dec'06)

Un-audited Financial results for the quarter ended 31st Dec, 2007 drawn under US GAAP

Consolidated Income Statement

Figures in rupees crore

Income Statement	Quarter ending...			Growth	
	31-Dec-06	30-Sep-07	31-Dec-07	YoY	QoQ
Revenues	1465.1	1709.2	1816.6	24.0%	6.3%
Direct Costs	910.7	1076.3	1125.8		
Gross Profits	554.3	632.9	690.8	24.6%	9.2%
SG & A	230.3	269.0	302.3		
EBITDA	324.0	363.9	388.5	19.9%	6.8%
Depreciation & Amortisation	62.3	68.6	72.4		
EBIT	261.7	295.3	316.2	20.8%	7.1%
Foreign Exchange Gains / (loss)	34.7	14.5	5.8		
Other Income, net	13.4	35.9	48.4		
Provision for Tax	20.6	34.6	35.5		
Share from Equity Investment /of Minority Interest	(3.0)	(2.8)	(2.1)		
Net Income	286.2	308.4	332.9	16.3%	7.9%
Gross Margin	37.8%	37.0%	38.0%		
EBITDA Margin	22.1%	21.3%	21.4%		
EBIT Margin	17.9%	17.3%	17.4%		
Net Income Margin	19.5%	18.0%	18.3%		
Earnings Per Share (EPS) - Annualized					
Basic – in Rupees (FV Rs. 2/-)	17.7	18.6	20.1		
Diluted – in Rupees (FV Rs. 2/-)	16.8	18.1	19.5		
“Weighted average number of Shares used in computing EPS”					
Basic	648,778,984	663,710,658	663,786,975		
Diluted	683,395,420	681,021,338	682,427,142		

Note:- The above result does not take into account

a) Unrealized gains on treasury investments of Rs. 80.0 crores as on Dec 31,2007(Rs 82.9 crores as on Sept 30, 2007, and Rs 67.7 crores as of Dec 31, 2006)



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)	31-Dec-06	30-Sep-07	31-Dec-07
Options at market price	9.8	6.0	5.6
Options at less than market price	17.5	18.7	18.4
Total	27.3	24.7	24.0
Tax benefit	0.7	2.0	1.8
Total (net of tax)	26.6	22.7	22.2

Outstanding Options (in equivalent no of shares)	31-Dec-06	30-Sep-07	31-Dec-07
Options at market price	50,042,848	32,833,216	32,281,456
Options at less than market price	15,074,400	14,045,200	13,862,000

These options will vest in tranches from year 2007 to 2011

Consolidated Balance Sheet

Figures in Rs crores

Particulars	As on	
	30-Jun-07	31-Dec-07
Assets		
a. Cash and Cash Equivalents	358.7	230.5
b. Accounts Receivable, net	1,227.8	1,439.0
c. Treasury Investments	1,926.4	2,360.9
d. Other Current Assets	711.7	1,082.5
A. Total current assets (a+b+c+d)	4,224.6	5,112.9
B. Property and Equipment, net	1,049.5	1,139.6
C. Intangible Assets, net	806.1	793.9
D) Investment in Equity Investee	9.6	8.5
E. Other Assets	234.5	241.3
Total assets (A+B+C+D+E)	6,324.7	7,296.1
Liabilities and Stockholders' Equity		
e. Total Current Liabilities	1,166.0	1,600.5
g. Long -Term Debt	-	-
h. Other Liabilities	129.2	106.4
F. Total Liabilities (e+f+g)	1,295.2	1,706.8
G. Minority Interest	14.5	18.0
H. Total Stockholders equity	5,015.0	5,571.2
Total liabilities and stockholders equity (F+G+H)	6,324.7	7,296.1



Segment wise Profitability

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

Figures in Rs crores

Particulars	Quarter ended			Growth	
	31-Dec-06	30-Sep-07	31-Dec-07	YoY	QoQ
Revenues	1,279.2	1,489.5	1,598.2	24.9%	7.3%
Direct Costs	792.5	941.5	995.8		
Gross Profits	486.7	548.0	602.5	23.8%	9.9%
SG & A	205.3	241.2	270.7		
EBITDA	281.4	306.8	331.8	17.9%	8.2%
Depreciation & Amortisation	47.2	54.9	59.0		
EBIT	234.2	251.9	272.8	16.5%	8.3%
Gross Margin	38.0%	36.8%	37.7%		
EBITDA Margin	22.0%	20.6%	20.8%		
EBIT Margin	18.3%	16.9%	17.1%		

B. BPO Services

Figures in Rs crores

Particulars	Quarter ended			Growth	
	31-Dec-06	30-Sep-07	31-Dec-07	YoY	QoQ
Revenues	185.9	219.8	218.4	17.5%	-0.6%
Direct Costs	118.2	134.8	130.1		
Gross Profits	67.7	84.8	88.3	30.5%	4.1%
SG & A	25.1	27.7	31.6		
EBITDA	42.6	57.1	56.7	33.1%	-0.6%
Depreciation & Amortisation	15.1	13.7	13.3		
EBIT	27.6	43.4	43.4	57.4%	0.0%
Gross Margin	36.4%	38.6%	40.4%		
EBITDA Margin	22.9%	26.0%	26.0%		
EBIT Margin	14.8%	19.8%	19.9%		



A1. Core Software Services

Figures in Rs crores

Particulars	Quarter ended			Growth	
	31-Dec-06	30-Sep-07	31-Dec-07	YoY	QoQ
Revenues	1,073.9	1,231.6	1,319.9	22.9%	7.2%
Direct Costs	654.2	759.9	802.9		
Gross Profits	419.6	471.7	516.9	23.2%	9.6%
SG & A	174.1	208.2	232.0		
EBITDA	245.5	263.4	284.9	16.1%	8.2%
Depreciation & Amortisation	35.8	42.0	45.5		
EBIT	209.7	221.4	239.4	14.2%	8.1%
Gross Margin	39.1%	38.3%	39.2%		
EBITDA Margin	22.9%	21.4%	21.6%		
EBIT Margin	19.5%	18.0%	18.1%		

A2. Infrastructure Services

Figures in Rs crores

	Quarter ended			Growth	
	31-Dec-06	30-Sep-07	31-Dec-07	YoY	QoQ
Revenues	205.3	258.0	278.3	35.5%	7.9%
Direct Costs	138.3	181.6	192.8		
Gross Profits	67.0	76.4	85.5	27.6%	12.0%
SG & A	31.1	33.0	38.7		
EBITDA	35.9	43.4	46.9	30.6%	8.1%
Depreciation & Amortisation	11.4	12.9	13.5		
EBIT	24.5	30.5	33.3	36.1%	9.3%
Gross Margin	32.6%	29.6%	30.7%		
EBITDA Margin	17.5%	16.8%	16.8%		
EBIT Margin	11.9%	11.8%	12.0%		



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, Telecom and Media & Entertainment (M&E). For the quarter ended 31st December 2007, HCL Technologies, along with its subsidiaries had last twelve months (LTM) revenue of US \$ 1.6 billion (Rs. 6715 crores) and employed 47,954 professionals. For more information, please visit www.hcltech.com

About HCL Enterprise

HCL Enterprise is a \$ 4.5 billion (Rs. 18,877 crore) 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 53,000 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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