



HCL Technologies Annual Results 2007 - 08

Fourth Quarter & Annual Results FY 2007-08

Investor Release

Noida, NCR, India, August 1, 2008

Annual revenues up by 35.2%; EBIT up by 36.8%

Deals worth US\$ 1 bn signed in FY08

Q4 revenues up 3.9% sequentially; EBIT up by 10.9%

HCL steps up Q4 dividend 1.5 times to 150%

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Results Highlights

- HCL Technologies on US\$ 2 bn annual run rate
- Margin expansion for the fifth consecutive quarter and second consecutive year in a row
- Declining attrition for the sixth consecutive quarter
- Crosses 50,000 employee headcount

Highlights for the Year (US\$) : FY 2007-08

- Revenues at **US\$ 1878.9 mn**; up **35.2%** YoY
- EBIT at **US\$ 341.4 mn**; up **36.8%** YoY
- Net Income (before foreign exchange gain/loss) at **US\$ 351.4 mn** up **49.1%** YoY
- Dividend for Q4 stepped up 1.5 times to 150% taking total dividend payout for the year to **450%**
- **22,937** gross addition and **8,724** net addition in head count taking employee strength to **50,741** as of 30th June 2008

Highlights for the Year (INR) : FY 2007-08

- Revenues at **Rs. 7639.4 cr**; up **26.6%** YoY
- EBIT at **Rs. 1390.6 cr**; up **28.3%** YoY
- Net Income (before foreign exchange gain/loss) at **Rs. 1431.2 cr**; up **39.4%** YoY

Highlights for the Quarter (US\$)

- Revenues at **US\$ 504.0 mn**; up **27.4% YoY** and **3.9%** sequentially
- EBIT at **US\$ 98.4 mn**; up **44.1% YoY** & **10.9%** sequentially
- Net Income (before foreign exchange gain/loss) at **US\$ 102.5 mn**; up **76.6% YoY** and **11.2%** sequentially
- Dividend for Q4 stepped up 1.5 times to 150%, the **22nd consecutive quarterly** dividend
- **5,317** gross addition and **939** net addition in headcount

Highlights for the Quarter (INR)

- Revenues at **Rs. 2168.8 cr**, up **34.5% YoY** and **11.5%** sequentially
- EBIT at **Rs. 423.4 cr**; up **52.2% YoY** and **19.0%** sequentially
- Net Income (before foreign exchange gain/loss) at **Rs. 440.9 cr**; up **86.6% YoY** and **19.4%** sequentially

Highlights for Forex gains/losses

HCL has adopted a policy of hedging its business from currency fluctuation through long terms forex covers given the fact that HCL focus is on long term annuity based contracts. In the last three years, HCL has booked under the head "Other Income", a cumulative foreign exchange gain of US\$ 0.4mn (a loss of US\$ 7.5mn in FY 06, a gain of US\$ 79.2 mn in FY 07 and a loss of US\$ 71.3 mn in FY 08). The FY 08 forex loss was based on average mark to market rate of Rs. 44.21 to a dollar as on June 30th. HCL continues to adopt a policy of hedging its business against currency fluctuation and has outstanding covers of US\$ 2bn as on June 30th.



Overview

HCL is uniquely positioned as a co-sourcing partner because of the experience it has created for its customers through continued momentum in demonstrating leadership in execution experience in our multi-service engagements. HCL's four pronged Blue Ocean strategy covering service innovation, pricing innovation, creation of new markets and technology disruption continues to pay rich dividends with innovative partnerships and revenue sharing business models being the highlights of this year.

"HCL has been able to maintain consistency in its growth over the last three years because of the investment we made in our transformation through creation of new services and new markets, and forging global partnerships, all with an objective of delivering value to our customers. We are confident of the direction we have taken and believe that HCL's tradition of creating disruptive innovation will ensure it continues to stay ahead of the curve in the coming years", said **Shiv Nadar, Chairman and Chief Strategy Officer, HCL Technologies**.

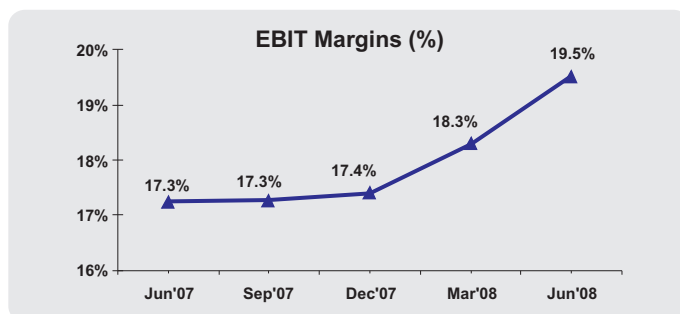
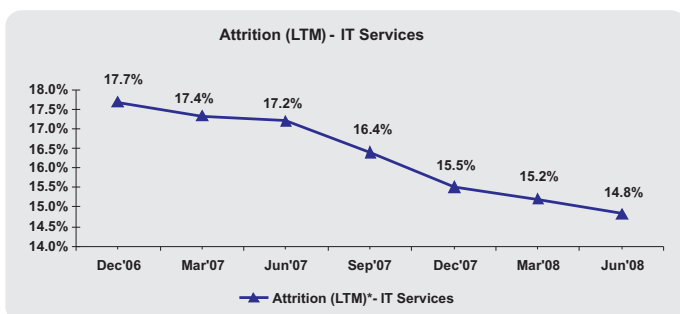
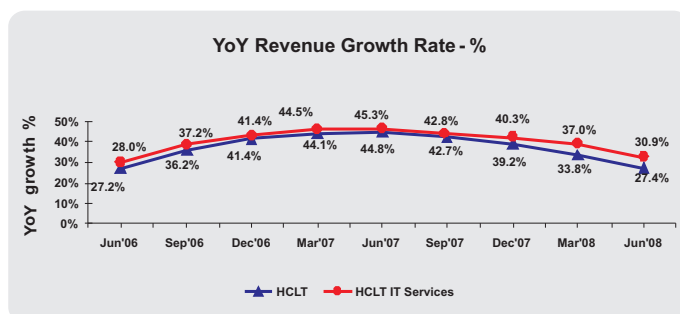
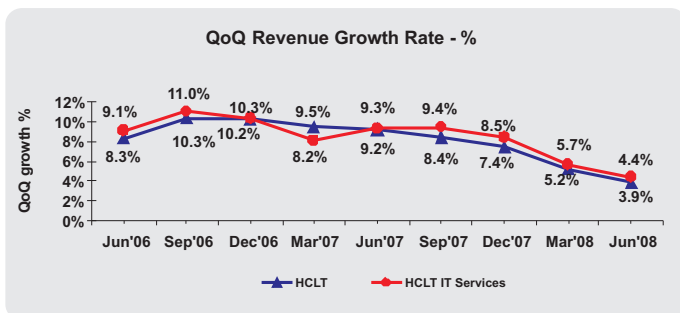
Commenting on the results, **Vineet Nayar, CEO, HCL Technologies** says, "HCL registered a YoY growth of 35.2% following a YoY growth of 42.4% last year. HCL registered a QoQ growth of 3.9%, following three successful growth quarters of 8.4 %, 7.4% and 5.2% QoQ respectively. HCL has expanded its operating margins for the second year in a row. HCL has grown revenue ahead of manpower growth second year in a row. HCL has demonstrated global leadership in Remote Infrastructure Management (RIM) which was ranked No. 1 ahead of all global players this year by the Black Book of Outsourcing – a first in the Indian IT industry."

Commenting on BPO results, **Ranjit Narasimhan, President & CEO, BPO Services, HCL Technologies** says, "During the year 2007-08, BPO revenues grew 21 % ahead of headcount growth of 18%; this is the second year in a row when we have expanded our margins. Going forward there would be a strong focus on platform led services, the result of which will be visible in the coming quarters."



Business Highlights

HCL continues to demonstrate growth in revenues, expansion in margins while showing a decline in the attrition rates as illustrated in the graphs below



Key Catalysts for Growth

- Our key geographies crossed significant milestones this year with the US revenues and Europe revenues crossing the US\$ 1bn and US\$ 0.5bn mark respectively
- Engineering and R&D Services, Infrastructure Services and Custom Applications witnessed accelerated growth reaffirming HCL's dominant market position and competitiveness in these service lines respectively
- Among the verticals, FS and Manufacturing crossed the US\$ 0.5 bn mark. The fastest growth was recorded in Life Sciences, while Manufacturing and Media, Publishing & Entertainment continue to grow consistently

Particulars	Segment (US \$) Growth	Annual YoY	CQGR (Last 4 Qtrs)
Consolidated	For the Company	35.2%	6.2%
Geography	Europe	35.3%	5.0%
	US	34.2%	7.8%
Service Offering	Engineering and R&D Services (ERS)	44.9%	9.1%
	Infrastructure Services	44.7%	6.4%
	Custom Application (Industry Solutions)	38.9%	6.8%
Industry	Life Sciences	73.3%	10.4%
	Financial Services	43.4%	4.9%
	Hi tech & Manufacturing	35.8%	8.0%
	Media Publishing & Entertainment	33.0%	6.0%
Clients	Top 5 (LTM)	27.3%	6.2%
	Top 10 (LTM)	32.2%	7.2%
	Top 20 (LTM)	31.4%	7.1%



Year in Perspective

The HCL strategy embodying a unique kind of disruptive innovation in its business model focusing on Value Centricity and a Blue Ocean approach to business has resulted in deepening customer relationships, creation of new markets and strategic partnerships where there is collaboration, goal alignment and substantive engagement.

Value Centricity

- The momentum in inking transformational deals that began in 2005 continued this year with a total value of deals in excess of US\$ 1 bn being signed including eight deals worth US\$ 310mn this quarter
- HCL is uniquely positioned to deliver customer value with its blend of onsite presence and offshore economics. We have focussed in building scalability in offshore through investments in Technology Hubs across India, while expanding our onsite presence in geographies like Poland and China
- HCL acquired Capital Stream, Inc., a US based industry leader in lending automation solutions. This strategic acquisition is a part of HCL's well structured M&A strategy and will enhance HCL's ability to provide end-to-end solutions through product and multi-service delivery capability to commercial and retail financial institutions globally
- HCL launched the SAP Revenue Recognition solution, pre-configured SAP Metals template, Auto Template for Auto ancillaries in the SMB sector and solution to avoid SAP Business Information Warehouse Slowdowns that helped customers reduce their total cost of outsourcing (TCO)
- The year also marked HCL's signing partnerships across verticals that focus on delivering further value to customers. Some of these include partnerships with Lombardi Software to deliver value to our customers in Life Sciences (LSH) and Financial Services (FS) space, Quest Diagnostics in LSH and Misys plc. and Chordiant Software in FS

Blue Ocean

- HCL launched Integrated Operations and Management Centre (IOMC) that integrates offerings across Global Services, Infrastructure Operations and Application Operations. It acts as a single window to deliver, manage and monitor Infrastructure Support and Application Operations giving customers increased efficiencies and enhanced business impact
- In continuation of co-creating value with our customers and partners on a risk sharing model, HCL rolled out the Global Risk Reward Partnership (GRRP) based on the principle of a joint ownership of a product. This year HCL has initiated three new engagements under this model, including the strategic partnership with CA, and entering into newer such engagements with customers
- HCL signed the SAP Global Services partnership based on Blue Ocean thinking to deliver joint business value through Customer Centric Ecosystem. This milestone partnership drawing upon HCL's strengths in emerging geographies, strong domain experience, risk taking and service innovation capabilities has already started delivering results

Thought Leadership

- HCL has been the pioneer of Remote Infrastructure Management (RIM) in India and HCL's leadership in RIM has been recognized by various independent analyst and media firms. This year HCL's RIM was acknowledged by Brown & Wilson Global User Survey 2008 as World's No 1, ahead of leading global players
- HCL pioneered the concept of co-sourcing in 2005, and moved it to the next level of an integrated service approach of Full Service Co Sourcing recently recognized by Ovum as having a clear and differentiated positioning in the applications outsourcing market. HCL has a growing emphasis on larger deals under its asset-light and consulting-light 'full service co-sourcing' model delivered using unique service-model IPs, a first of its kind integrated service offshore transitioning model
- HCL's biggest differentiator has been the adoption of the Employee first philosophy that was lauded by some of the world's most influential thought leaders as the management mantra for the next generation. Harvard Business Review and Business Week heralded HCL's Employee First as "the radical management philosophy that will catch



on with the world sooner or later”. HCL was also invited to share thoughts in some of the most respected global platforms such as WEF, MLab and INSEAD

- HCL has conceptualized a unique collaborative platform called “Unstructure” where business and technology practitioners can contribute their thought to address the major issues and trends affecting the business of technology. The platform is a combination of an online portal, a physical event and an annual compendium of thought is gaining participation by some of the world’s most notable thought leaders and business stalwarts

Transformation @ HCL

- HCL invited to participate in the “**Future of Management**” **MLab Conference**, headed by Prof Gary Hamel. The event was attended by some of the world’s most progressive and strategic business thinkers to identify the fundamental flaws that organizations today face, either in their structure or management approach, and the possible fixes that could alter or transform these flaws
- HCL invited to speak at the **INSEAD Leadership Summit** in France that brought together global leaders from business, government, media and academia to explore the links between business, environment and society. HCL presented a unique perspective on sustainable corporate growth to a distinguished global audience
- HCL announced the fourth chapter of its **Global Customer Meet 2008 – “Unstructure”**, where some of the most noteworthy thought leaders will mentor conversations on topics that explore the trends in the business of technology. This event which is slated for 17th and 18th of November, will be held in Orlando, Florida.
- HCL’s series of Financial Services Thought leadership event - **InvesTECH@HCL** successfully held in New York this quarter. The highlight of the forum in New York was an exclusive panel discussion on ‘Risk Management Strategies in a Downturn Economy’ by industry experts and practitioners. A new operating model from HCL called Run the Enterprise to help the Financial Services Institutions enhance their ongoing business performance was also showcased during the event

Recognitions

- **Forrester** counts HCL as the leader in SAP implementation in the Forrester Wave: Australia/ New Zealand SAP implementation providers 08 report. HCL is a Leader in ANZ that leverages its offshore capabilities very well for its SAP clients and has won a number of its projects due to its capabilities implementing niche solutions
- **IDC** considers HCL as a formidable opponent in Application Outsourcing in the Worldwide Application Outsourcing 2007 Service Provider Analysis. IDC believes that HCL’s transformed and modernized applications will be prime candidates for AO, further growing its business in this area. HCL’s willingness to work with clients using risk-reward or self-funding transformation contracts has made it an up-and-coming company to watch.
- **Voice & Data 100 survey** ranks HCL No.1 in Network Management & Network Security Services and No. 2 in Network Integration Services
- “**Strategy + Business**” magazine published by **Booze Allen Hamilton**, in its story on the topic of Indian companies “reverse investing” in the US, talks about HCL’s drive to engage in more complex work with clients and firmly positions HCL and its differentiated business strategy
- The **CEO Forum magazine** (ANZ) appreciates HCL's inspiring effective organizational innovation and positions Vineet Nayar as a “Change Master”

Core Software Services Highlights

- HCL’s strategy of focussing on domain expertise and developing service offerings in select verticals continues to bring rich dividends
- HCL wins a multi-year multi-million SAP contract with a multinational electronics manufacturing services (EMS) company operating a global manufacturing network with operations in Asia, Europe and the Americas, providing a broad range of integrated services and solutions to leading OEMs (original equipment manufacturers)
- HCL announces partnership with Gemstone to meet ultra low-latency requirements of financial firms



- HCL launches on-demand Software Test Lab open for all ISVs and Application users/providers
- HCL launches first of its kind “Saas enablement framework” called Agora that would significantly reduce time for ISVs to deliver Saas solutions based on existing non-Saas products
- HCL wins Stanley Cup Award for improving Siebel Performance for the successful go-live of Siebel upgrade and optimization project in record time
- HCL Insurance practice wins LOMA Excellence in Education award for the fifth consecutive time
- HCL’s ASSeT and CrossFIT win the Technology Innovation awards at the FSO Annual summit
- Revenues for **Q4 at US\$ 371.2 mn**, up **31.5% YoY**; Revenue for Fiscal’ 08 at **US\$ 1,372.0 mn**, up by **35.9%**
- EBITDA (before non cash charge) for **Q4 at US\$ 87.9 mn**, up **42.9% YoY**; EBITDA (before non cash charge) for Fiscal’ 08 at **US\$ 306.7 mn**, up by 34.1%
- EBIT for **Q4 at US\$ 74.6 mn** up **45.4% YoY**; EBIT for Fiscal’ 08 at **US\$ 258.8 mn**, up by **33.0%**

Infrastructure Services Highlights

- HCL Infrastructure Services exceeds Rs. 1000 crore (US\$ 283 mn) revenues
- HCL announces partnership with VMware to offer Virtualization Lifecycle Services
- HCL signs a turnkey Network Outsourcing engagement with Union Bank of India
- HCL launches Tivoli Center of Excellence for IT Service Management through Managed Services partnership with IBM
- Revenues for **Q4 at US\$ 76.2 mn**, up **28.5% YoY**; Revenue for Fiscal’ 08 at **US\$ 283.3 mn**, up by **44.7%**
- EBITDA (before non cash charge) for **Q4 at US\$ 14.3 mn**, up **44.4% YoY**; EBITDA (before non cash charge) for Fiscal’ 08 at **US\$ 49.9 mn**, up by **47.1%**
- EBIT for **Q4 at US\$ 10.7 mn**, up **59.7% YoY**; EBIT for Fiscal’ 08 at **US\$ 36.0 mn**, up by **57.2%**

BPO Services Highlights

- HCL acquires multi-location Financials and Accounting client and moves up the value-chain with a consulting opportunity in the Telecom vertical
- HCL BPO ranked as the 4th major BPO player worldwide by the Black Book of Outsourcing, 2008
- HCL acquires ISO 20000 certification of IT Service Management System
- Revenues for **Q4 at US\$ 56.5 mn**, up **4.6% YoY** ; Revenue for Fiscal’ 08 at **US\$ 223.6 mn**, up by **21.4%**
- EBITDA (before non cash charge) for **Q4 at US\$ 16.0 mn**, up **15.1% YoY** ; EBITDA (before non cash charge) for Fiscal’ 08 at **US\$ 59.4 mn**, up by **31.1%**
- EBIT for **Q4 at US\$ 13.1 mn**, up **27.2% YoY**; EBIT for Fiscal’ 08 at **US\$ 46.6 mn**, up by **46.1%**



Financials

Un-audited Financial results for the quarter and Year ended 30th June, 2008 drawn under US GAAP

Consolidated Income Statement

Figures in US\$ million

Income Statement	Quarter ended			Growth		Year Ended		Growth
	30-Jun-07	31-Mar-08	30-Jun-08	YoY	QoQ	30-Jun-07	30-Jun-08	YOY
Revenues	395.7	484.9	504.0	27.4%	3.9%	1389.6	1878.9	35.2%
Direct Costs	246.4	297.9	300.0			865.6	1153.7	
Gross Profits	149.3	187.1	204.0	36.6%	9.0%	523.9	725.2	38.4%
SG & A	64.0	79.1	85.8			216.1	309.1	
EBITDA	85.3	108.0	118.1	38.5%	9.4%	307.8	416.1	35.2%
Depreciation & Amortisation	17.0	19.3	19.8			58.4	74.6	
EBIT	68.3	88.7	98.4	44.1%	10.9%	249.5	341.4	36.8%
Other Income, net	9.1	12.4	8.3			22.7	42.0	
Provision for Tax	19.1	9.2	4.7			35.0	31.6	
Share from Equity investment/of Minority Interest	(0.3)	0.2	0.5			(1.5)	(0.7)	
Net Income [before foreign exchange gain/(loss)]	58.0	92.1	102.5	76.6%	11.2%	235.7	351.4	49.1%
Foreign Exchange Gains / (loss)	61.5	(6.8)	(69.7)			79.2	(71.3)	
Net Income [after foreign exchange gain/(loss)]	119.5	85.4	32.8			314.9	280.0	
Gross Margin	37.7%	38.6%	40.5%			37.7%	38.6%	
EBITDA Margin	21.6%	22.3%	23.4%			22.2%	22.2%	
EBIT Margin	17.3%	18.3%	19.5%			18.0%	18.2%	
Earnings Per Share (EPS)								
Annualized								
Basic – in US\$	0.72	0.51	0.20			0.48	0.42	
Diluted – in US\$	0.70	0.50	0.19			0.47	0.41	
“Weighted average number of Shares used in computing EPS”								
Basic	663,683,116	664,659,051	665,561,705			652,626,782	664,424,330	
Diluted	683,481,119	679,052,239	682,648,533			675,290,388	682,748,596	

Note:

The above results does not take into account

- a) Unrealized gains on treasury investments of US\$ 19.5 mn as on June 30, 2008 (US\$ 19.1 mn as of March 31, 2008 and US\$ 19.5 mn as on June 30, 2007)



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

Particulars (in US\$ mn)	Quarter ending...			Year Ended	
	30-Jun-07	31-Mar-08	30-Jun-08	30-Jun-07	30-Jun-08
Options at market price	1.9	1.3	1.3	9.4	5.4
Options at less than market price	3.6	4.7	4.6	14.1	18.5
Total	5.5	5.9	5.9	23.6	23.9
Tax benefit	0.7	0.4	0.5	1.3	2.2
Total (net of tax)	4.9	5.5	5.4	22.3	21.7

Outstanding Options (in equivalent no of shares)	Quarter ending...			Year Ended	
	30-Jun-07	31-Mar-08	30-Jun-08	30-Jun-07	30-Jun-08
Options at market price	34,560,572	29,240,604	28,208,456		
Options at less than market price	14,384,656	13,658,200	12,749,200		

These options will vest in tranches from year 2007 to 2011

Consolidated Balance Sheet

Figures in US\$ million

Particulars	As on	
	30-Jun-07	30-Jun-08
Assets		
a) Cash & Cash Equivalents	88.0	89.2
b) Account Receivables, net	301.4	440.1
c) Treasury Investments	472.9	482.8
d) Other Current Assets	174.7	202.5
A) Total Current Assets (a+b+c+d)	1037.0	1214.6
B) Property and Equipments, net	257.6	309.5
C) Intangible Assets, net	197.9	222.7
D) Investment in Equity Investee	2.4	2.4
E) Other Assets	57.6	117.7
Total Assets (A+B+C+D+E)	1552.5	1866.8
Liabilities & Stockholders' Equity		
e) Total Current Liabilities	286.2	514.6
f) Other Liabilities	31.7	138.5
F) Total Liabilities (e+f)	317.9	653.0
G) Minority Interest	3.6	1.3
H) Total Stockholders Equity	1231.0	1212.4
Total Liabilities and Stockholders Equity (F+G+H)	1552.5	1866.8



Consolidated Cash Flow Statement

Figures in US\$ million

Particulars	Year ended 30-Jun-08
CASH FLOWS FROM OPERATING ACTIVITIES	
Net income	280.0
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation and Amortization	74.6
Loss / (Profit) on Sale of Investment Securities (considered separately)	(28.2)
Others	(19.9)
Changes in assets and liabilities, net	
Accounts Receivable	(151.8)
Other Assets	8.5
Current Liabilities	185.5
Net cash provided by operating activities	348.7
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Property and Equipment (net)	(136.9)
(Purchase) / Sale of Investments	(0.8)
Payments for business acquisitions, net of cash acquired	(40.6)
Net cash used in investing activities	(178.2)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from Issuance of Employees Stock Options	9.3
Dividend	(156.8)
Others	(9.5)
Net cash provided by (used in) financing activities	(157.1)
Effect of Exchange Rate on Cash and Cash Equivalents	(12.2)
Net Increase/ (decrease) in Cash and Cash Equivalents	13.4
CASH AND CASH EQUIVALENTS	
Opening Cash & Investment	88.0
Closing Cash & Investment	89.2



Segment wise Profitability

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

Figures in US\$ million

Income Statement	Quarter ended			Growth		Year Ended		Growth
	30-Jun-07	31-Mar-08	30-Jun-08	YoY	QoQ	30-Jun-07	30-Jun-08	YOY
Revenues	341.7	428.5	447.4	30.9%	4.4%	1205.5	1655.3	37.3%
Direct Costs	213.7	263.6	268.4			750.7	1021.1	
Gross Profits	128.1	164.9	179.0	39.8%	8.6%	454.8	634.2	39.5%
SG & A	56.7	71.6	76.8			192.2	277.6	
EBITDA	71.4	93.3	102.2	43.1%	9.5%	262.5	356.6	35.8%
Depreciation & Amortisation	13.4	16.2	16.9			45.0	61.8	
EBIT	57.9	77.1	85.3	47.2%	10.6%	217.6	294.8	35.5%
Gross Margin	37.5%	38.5%	40.0%			37.7%	38.3%	
EBITDA Margin	20.9%	21.8%	22.8%			21.8%	21.5%	
EBIT Margin	17.0%	18.0%	19.1%			18.0%	17.8%	

B. BPO Services

Figures in US\$ million

Income Statement	Quarter ended			Growth		Year Ended		Growth
	30-Jun-07	31-Mar-08	30-Jun-08	YoY	QoQ	30-Jun-07	30-Jun-08	YOY
Revenues	54.0	56.5	56.5	4.6%	0.0%	184.1	223.6	21.4%
Direct Costs	32.8	34.2	31.6			114.9	132.6	
Gross Profits	21.2	22.3	25.0	17.9%	12.1%	69.2	91.0	31.5%
SG & A	7.3	7.5	9.0			23.9	31.5	
EBITDA	13.9	14.7	16.0	15.1%	8.8%	45.3	59.4	31.1%
Depreciation & Amortisation	3.6	3.1	2.9			13.4	12.8	
EBIT	10.3	11.6	13.1	27.2%	12.9%	31.9	46.6	46.1%
Gross Margin	39.3%	39.5%	44.2%			37.6%	40.7%	
EBITDA Margin	25.7%	26.1%	28.3%			24.6%	26.6%	
EBIT Margin	19.1%	20.6%	23.1%			17.4%	20.9%	



A1. Core Software Services

Figures in US\$ million

Income Statement	Quarter ended			Growth		Year Ended		Growth
	30-Jun-07	31-Mar-08	30-Jun-08	YoY	QoQ	30-Jun-07	30-Jun-08	YOY
Revenues	282.4	356.8	371.2	31.5%	4.0%	1009.8	1372.0	35.9%
Direct Costs	171.5	214.5	217.6			616.8	826.6	
Gross Profits	110.9	142.3	153.6	38.5%	8.0%	393.0	545.4	38.8%
SG & A	49.4	61.9	65.8			164.3	238.8	
EBITDA	61.5	80.4	87.9	42.9%	9.3%	228.7	306.7	34.1%
Depreciation & Amortisation	10.2	12.5	13.3			34.0	47.8	
EBIT	51.3	67.9	74.6	45.4%	9.9%	194.6	258.8	33.0%
Gross Margin	39.3%	39.9%	41.4%			38.9%	39.8%	
EBITDA Margin	21.8%	22.5%	23.7%			22.6%	22.4%	
EBIT Margin	18.2%	19.0%	20.1%			19.3%	18.9%	

A2. Infrastructure Services

Figures in US\$ million

Income Statement	Quarter ended			Growth		Year Ended		Growth
	30-Jun-07	31-Mar-08	30-Jun-08	YoY	QoQ	30-Jun-07	30-Jun-08	YOY
Revenues	59.3	71.7	76.2	28.5%	6.3%	195.7	283.3	44.7%
Direct Costs	42.2	49.1	50.8			133.9	194.5	
Gross Profits	17.2	22.5	25.4	47.7%	12.5%	61.8	88.8	43.7%
SG & A	7.3	9.7	11.1			28.0	38.9	
EBITDA	9.9	12.9	14.3	44.4%	10.9%	33.9	49.9	47.2%
Depreciation & Amortisation	3.2	3.7	3.6			11.0	13.9	
EBIT	6.7	9.2	10.7	59.7%	16.1%	22.9	36.0	57.2%
Gross Margin	28.9%	31.4%	33.3%			31.6%	31.3%	
EBITDA Margin	16.7%	18.0%	18.7%			17.3%	17.6%	
EBIT Margin	11.2%	12.8%	14.0%			11.7%	12.7%	



Revenue Analysis

Geographic Mix (Quarter ended)	30-Jun-07	31-Mar-08	30-Jun-08	LTM
US	54.2%	55.9%	57.4%	55.7%
Europe	30.5%	29.6%	29.1%	29.8%
Asia Pacific	15.3%	14.5%	13.5%	14.6%

Service Offering Mix (Quarter ended)	30-Jun-07	31-Mar-08	30-Jun-08	LTM
Enterprise Application Services	12.0%	10.7%	10.8%	11.1%
Engineering and R&D Services	23.9%	25.4%	26.7%	25.5%
Custom Application (Industry Solutions)	35.5%	37.5%	36.2%	36.5%
Infrastructure Services	15.0%	14.8%	15.1%	15.1%
BPO Services	13.6%	11.6%	11.2%	11.9%

Revenue by Contract Type (Quarter ended)	30-Jun-07	31-Mar-08	30-Jun-08
IT Services			
Time & Material (T&M)	70.0%	65.0%	65.0%
Fixed Price Projects	30.0%	35.0%	35.0%

Revenue by Vertical (Quarter ended)	30-Jun-07	31-Mar-08	30-Jun-08
Financial Services	28.7%	28.4%	27.3%
Hi-tech - Manufacturing	28.7%	29.5%	30.7%
Telecom	17.2%	16.4%	16.0%
Retail	9.2%	8.4%	8.8%
Media & Entertainment	5.6%	5.7%	5.6%
Life Sciences	4.9%	5.5%	5.7%
Others	5.7%	6.2%	6.0%

Rupee / US Dollar Rate	30-Jun-07	31-Mar-08	30-June-08
Quarter Ended	40.70	40.11	43.04
Average for the Quarter	40.84	39.83	42.00

“LTM” - Last Twelve Months



Client Metrics

Client Data	30-Jun-07	31-Mar-08	30-Jun-08	QoQ Increase
Number of Clients				
Active Client Relationship	242	269	279	10
New Client Relationship	24	32	30	
Multi Service Delivery Clients	53	58	60	2

Number of Million Dollar Clients (LTM)	30-Jun-07	31-Mar-08	30-Jun-08	QoQ Increase	YoY Increase
100 Million dollar +	2	2	2	-	-
50 Million dollar +	3	3	3	-	-
40 Million dollar +	4	6	8	2	4
30 Million dollar +	7	11	12	1	5
20 Million dollar +	13	15	16	1	3
10 Million dollar +	26	31	34	3	8
5 Million dollar +	52	64	66	2	14
1 Million dollar +	156	186	201	15	52

Client Contribution to Revenue (LTM)	30-Jun-07	31-Mar-08	30-Jun-08	QoQ growth
Top 5 Clients	28.4%	27.5%	26.7%	3.0%
Top 10 Clients	38.2%	38.2%	37.3%	3.7%
Top 20 Clients	51.1%	50.6%	49.6%	4.0%

Client Business - (LTM)	30-Jun-07	31-Mar-08	30-Jun-08
Repeat Business - Consolidated	94.0%	94.5%	94.0%
Days Sales Outstanding	69	77	79

“LTM” - Last Twelve Months



Operational Metrics - Core Software Services

Core Software Services (Quarter Ended)	30-Jun-07	31-Mar-08	30-Jun-08
Efforts			
Offshore	72.6%	75.0%	74.7%
Onsite	27.4%	25.0%	25.3%
Revenue			
Offshore	47.9%	50.7%	50.2%
Onsite	52.1%	49.3%	49.8%
Utilization			
Offshore - Including trainees	71.1%	71.3%	73.9%
Offshore - Excluding trainees	76.7%	74.4%	74.1%
Onsite	95.6%	95.1%	96.8%

Effort (Man Months)	30-Jun-07	31-Mar-08	30-Jun-08
Efforts Billed - Offshore	37,129	47,263	48,957
Efforts Billed - Onsite	14,033	15,781	16,608
Total Billed Efforts	51,162	63,044	65,566
Not Billed	11,943	17,048	17,705
Trainee	3,774	2,814	135
Not Billed (including trainees)	15,717	19,862	17,840



Employee Metrics

Manpower Details	30-Jun-07	31-Mar-08	30-Jun-08
Total Employee Count	42,017	49,802	50,741
Core Software – Total	26,326	30,387	30,391
Technical	23,160	26,567	26,592
Support	3,166	3,820	3,799
Gross Addition	3,991	1,026	1,792
Net Addition	2,530	(97)	4
Gross Lateral Employee Addition	2,326	1,013	1,580
Attrition (LTM) *	17.3%	15.2%	14.8%
Infrastructure Services - Total	4,439	6,176	7,035
Technical	3,794	5,436	6,230
Support	645	740	805
Gross Addition	747	947	1,102
Net Addition	440	571	859
Gross Lateral Employee Addition	678	748	811
Attrition (LTM) *	17.3%	15.4%	14.9%
Attrition (LTM)* - IT Services (Core Software Services + Infrastructure Services)	17.2%	15.2%	14.8%
BPO Services - Total	11,252	13,239	13,315
Offshore	8,623	10,470	10,620
Onsite	1,589	1,694	1,582
Support	1,040	1,075	1,113
Gross Addition	1,357	3,342	2,423
Net Addition	(1,102)	1,374	76
Gross Lateral Employee Addition	375	1,217	1,234
Attrition – Quarterly**	17.5%	12.0%	12.3%
Attrition - Quarterly (excluding attrition of joinees less than 6 months)	7.7%	6.9%	5.4%

* Excludes involuntary attrition

** Excludes UK BPO



Facility Details

As of 30th June 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)	1,384,855	15,654	465,545	3,746	31.0
Chennai	2,079,543	18,935	1,019,557	7,965	27.0
Bangalore	864,900	7,800	518,000	4,400	13.0
Mumbai	28,300	300			
Kolkatta	35,600	300			
Hyderabad	66,000	1,141			
Northern Ireland (NI)	100,000	1,400			
Manesar (Haryana)					10.0
Poland	16,100	190			
China	15,300	140			
Total	4,933,798	48,760	2,020,302	16,311	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 date of the quarter and weighted average for the year ended June 07 and June 08: closing rate- US\$1 Rs. 43.04 for the quarter ended on 30 June 2008; US\$1 Rs. 40.11 for the quarter ended on 31 March 2008; US\$1=Rs.40.74 for quarter ended on 30 June 2007; average rate: US\$1=Rs.43.42 for FY 2006-07 and US\$1=Rs.40.66 for FY 2007-08)

Audited Financial results for the quarter and Year ended 30th June, 2008 drawn under US GAAP

Figures in Rs crores

Consolidated Income Statement

Income Statement	Quarter ended			Growth		Year Ended		Growth
	30-Jun-07	31-Mar-08	30-Jun-08	YoY	QoQ	30-Jun-07	30-Jun-08	YOY
Revenues	1612.0	1944.8	2168.8	34.5%	11.5%	6033.6	7639.4	26.6%
Direct Costs	1003.9	1194.5	1291.0			3759.2	4687.7	
Gross Profits	608.1	750.3	877.8	44.3%	17.0%	2274.4	2951.7	29.8%
SG & A	260.7	317.2	369.4			937.4	1257.8	
EBITDA	347.4	433.1	508.4	46.3%	17.4%	1337.0	1693.9	26.7%
Depreciation & Amortisation	69.3	77.3	85.0			253.1	303.3	
EBIT	278.1	355.8	423.4	52.2%	19.0%	1083.9	1390.6	28.3%
Other Income, net	36.9	49.9	35.5			98.0	169.8	
Provision for Tax	77.7	36.8	20.3			148.5	127.1	
Share from Equity investment /of Minority Interest	(1.0)	0.7	2.3			(6.5)	(1.9)	
Net Income [before foreign exchange gain/(loss)]	236.3	369.5	440.9	86.6%	19.3%	1026.8	1431.2	39.4%
Foreign Exchange Gains/ (Loss)	250.4	(27.1)	(299.9)			328.1	(306.7)	
Net Income [after foreign exchange gain/(loss)]	486.7	342.5	141.0			1354.9	1124.8	
Gross Margin	37.7%	38.6%	40.5%			37.7%	38.6%	
EBITDA Margin	21.6%	22.3%	23.4%			22.2%	22.2%	
EBIT Margin	17.3%	18.3%	19.5%			18.0%	18.2%	
Earnings Per Share (EPS) - Annualized								
Basic – in Rupees (FV Rs. 2/-)	29.33	20.61	8.47			20.76	16.93	
Diluted – in Rupees (FV Rs. 2/-)	28.48	20.17	8.26			20.06	16.67	
“Weighted average number of Shares used in computing EPS”								
Basic	663,683,116	664,659,051	665,561,705			652,626,782	664,424,330	
Diluted	683,481,119	679,052,239	682,648,533			675,290,388	682,748,596	

Note:

The above result does not take into account

- a) Unrealized gains on treasury investments of Rs 83.7 crores as on June 30, 2008 (Rs 76.6 crores as of March 31, 2008 and Rs 79.6 crores as of June 30, 2007)



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

Particulars (in Rs crores)	Quarter ending...			Year Ended	
	30-Jun-07	31-Mar-08	30-Jun-08	30-Jun-07	30-Jun-08
Options at market price	7.9	5.0	5.5	41.0	21.8
Options at less than market price	14.7	18.6	19.9	61.2	75.4
Total	22.5	23.6	25.4	102.2	97.2
Tax benefit	2.6	1.7	2.3	5.5	8.8
Total (net of tax)	19.8	21.9	23.1	96.7	88.4

Outstanding Options (in equivalent no of shares)	30-Jun-07	31-Mar-08	30-Jun-08		
Options at market price	34,560,572	29,240,604	28,208,456		
Options at less than market price	14,384,656	13,658,200	12,749,200		

These options will vest in tranches from year 2007 to 2011

Consolidated Balance Sheet

Figures in Rs crores

Particulars	As on	
	30-Jun-07	30-Jun-08
Assets		
a. Cash and Cash Equivalents	358.7	384.0
b. Accounts Receivable, net	1227.8	1894.0
c. Treasury Investments	1926.4	2077.9
d. Other Current Assets	711.7	871.3
A. Total Current Assets (a+b+c+d)	4224.6	5227.2
B. Property and Equipment, net	1049.5	1331.7
C. Intangible Assets, net	806.1	958.5
D. Investment in Equity Investee	9.6	10.1
E. Other Assets	234.5	506.3
Total Assets (A+B+C+D+E)	6324.7	8033.8
Liabilities and Stockholders' Equity		
e. Total Current Liabilities	1166.0	2214.5
f. Other Liabilities	129.2	595.9
F. Total Liabilities (e+f)	1295.2	2810.3
G. Minority Interest	14.5	5.7
H. Total Stockholders Equity	5015.0	5217.7
Total Liabilities and Stockholders Equity (F+G+H)	6324.7	8033.8



Segment wise Profitability

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

Particulars	Quarter ended			Growth		Year Ended		Growth
	30-Jun-07	31-Mar-08	30-Jun-08	YoY	QoQ	30-Jun-07	30-Jun-08	YOY
Revenues	1392.2	1718.4	1925.5	38.3%	12.1%	5235.2	6731.6	28.6%
Direct Costs	870.5	1057.5	1155.2			3260.3	4149.9	
Gross Profits	521.7	660.9	770.3	47.7%	16.6%	1974.9	2581.7	30.7%
SG & A	230.8	286.9	330.7			834.1	1129.5	
EBITDA	290.9	374.0	439.6	51.1%	17.5%	1140.8	1452.2	27.3%
Depreciation & Amortisation	54.8	64.8	72.5			195.0	251.3	
EBIT	236.1	309.2	367.1	55.5%	18.7%	945.9	1200.9	26.9%
Gross Margin	37.5%	38.5%	40.0%			37.7%	38.4%	
EBITDA Margin	20.9%	21.8%	22.8%			21.8%	21.6%	
EBIT Margin	17.0%	18.0%	19.1%			18.1%	17.8%	

B. BPO Services

Figures in Rs crores

Particulars	Quarter ended			Growth		Year Ended		Growth
	30-Jun-07	31-Mar-08	30-Jun-08	YoY	QoQ	30-Jun-07	30-Jun-08	YOY
Revenues	219.8	226.5	243.3	10.7%	7.4%	798.5	907.8	13.7%
Direct Costs	133.4	137.1	135.8			499.0	537.8	
Gross Profits	86.4	89.4	107.5	24.4%	20.2%	299.5	370.0	23.5%
SG & A	29.8	30.3	38.7			103.4	128.3	
EBITDA	56.6	59.1	68.8	21.6%	16.4%	196.2	241.7	23.2%
Depreciation & Amortisation	14.5	12.5	12.5			58.2	52.0	
EBIT	42.1	46.6	56.3	33.7%	20.8%	138.0	189.7	37.5%
Gross Margin	39.3%	39.5%	44.2%			37.5%	40.8%	
EBITDA Margin	25.7%	26.1%	28.3%			24.6%	26.6%	
EBIT Margin	19.1%	20.6%	23.1%			17.3%	20.9%	



A1. Core Software Services

Figures in Rs crores

Particulars	Quarter ended			Growth		Year Ended		Growth
	30-Jun-07	31-Mar-08	30-Jun-08	YoY	QoQ	30-Jun-07	30-Jun-08	YOY
Revenues	1150.5	1430.9	1597.6	38.9%	11.6%	4387.0	5579.9	27.2%
Direct Costs	698.7	860.4	936.4			2680.7	3359.6	
Gross Profits	451.7	570.5	661.2	46.4%	15.9%	1706.3	2220.3	30.1%
SG & A	201.2	248.1	283.0			712.3	971.3	
EBITDA	250.5	322.4	378.2	50.9%	17.3%	994.0	1248.9	25.7%
Depreciation & Amortisation	41.6	50.1	57.0			147.4	194.7	
EBIT	208.9	272.3	321.2	53.7%	17.9%	846.6	1054.3	24.5%
Gross Margin	39.3%	39.9%	41.4%			38.9%	39.8%	
EBITDA Margin	21.8%	22.5%	23.7%			22.7%	22.4%	
EBIT Margin	18.2%	19.0%	20.1%			19.3%	18.9%	

A2. Infrastructure Services

Figures in Rs crores

Particulars	Quarter ended			Growth		Year Ended		Growth
	30-Jun-07	31-Mar-08	30-Jun-08	YoY	QoQ	30-Jun-07	30-Jun-08	YOY
Revenues	241.7	287.5	328.0	35.7%	14.1%	848.2	1151.7	35.8%
Direct Costs	171.8	197.1	218.8			579.6	790.3	
Gross Profits	69.9	90.4	109.1	56.0%	20.7%	268.6	361.4	34.6%
SG & A	29.6	38.8	47.7			121.7	158.2	
EBITDA	40.3	51.6	61.4	52.3%	19.0%	146.9	203.3	38.4%
Depreciation & Amortisation	13.1	14.7	15.5			47.5	56.6	
EBIT	27.2	36.9	45.9	68.8%	24.6%	99.3	146.6	47.6%
Gross Margin	28.9%	31.4%	33.3%			31.7%	31.4%	
EBITDA Margin	16.7%	18.0%	18.7%			17.3%	17.6%	
EBIT Margin	11.2%	12.8%	14.0%			11.7%	12.7%	



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 year ended 30th June 2008, HCL Technologies, along with its subsidiaries had revenues of US\$ 1.9 billion (Rs. 7,639crore) and employed 50,741 professionals. For more information, please visit www.hcltech.com

About HCL Enterprise

HCL Enterprise is a \$4.9 billion 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 over 55,000 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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