## HCL INFOSYSTEMS LIMITED

## Regd.Off. 806, Siddharth, 96 Nehru Place, New Delhi 110 019.

## Unaudited Financial Results for the Quarter ended December 31, 2010

Rs. Lakhs Consolidated Standalone Unaudited Unaudited Audited Unaudited Unaudited Audited Particulars Three months ended Six months ended Year ended Three months ended Six months ended Year ended December 31. December 31 June 30, December 31 December 31. June 30 2010 2009 2010 2009 2010 2010 2009 2010 2009 2010 315,373 614.445 608,174 303,059 Gross Sales / Income from Operations 305,428 1,215,859 305.355 594.120 604,243 1,206,178 Less: Excise Duty 3,859 2,279 6,994 5.128 10,877 3.859 2.279 6.994 5.128 10,877 Net Sales / Income from Operations 311,514 303.149 607,451 603.046 1,204,982 301,496 300.780 587,126 599,115 1,195,30 Other Operating Income # 849 1,206 2,732 1,437 2,980 398 1,121 2,101 1,181 2.644 2. Expenditure a) (Increase) / Decrease in Stock in Trade and Work in Progress 6.484 -5.494 12.795 5.566 13.758 6.483 -5 440 12.806 5.591 14.085 b) Consumption of Raw Materials 42 071 33.919 79.990 72.868 184.897 42 071 33.919 79.990 72.877 182 866 238,200 452,901 847,319 210,290 417,935 452,881 846.894 c) Purchase of Traded Goods 217,798 433,424 238,239 d) Purchase of Services 7.347 7,510 12.804 13.027 31.294 6.105 10.303 10.473 26.211 6.253 Stores & Spares consumed and Others 5,652 3,958 9.897 7,265 17,334 5,552 3,815 9.694 7,031 16.907 12,491 9,462 23,644 18,418 39,124 11,431 8,896 21,605 17,359 36,841 f) Employees Cost Administration, Selling, Repairs & Others 10.973 8.155 19.727 16 471 36 600 10.294 7,601 18.510 15.532 34 605 n) Depreciation and Amortisation 970 688 1,833 1,276 2,551 841 532 1,573 999 2,173 Total Expenditure 303,786 296,398 594,114 587,792 172,877 293,067 293,815 572,416 582,743 160,582 Profit from Operations before Other Income & Interest (1-2) 8.577 7.957 16 069 16 691 35 085 8 827 8 086 16 811 17.553 37 363 808 2,804 3,482 1,515 2,800 1,205 3,246 Other Income 1,468 1.213 804 5. Profit before Interest (3+4) 10,045 8,765 18,873 17,904 38,567 10,342 8,890 19,611 18,758 40,609 1,904 Interest Expense 2.055 970 3.487 1.812 3.921 870 3,193 1,721 3.744 Profit (+) / Loss (-) from ordinary activities before Tax (5-6) 7,990 7,795 15,386 16,092 34,646 8,438 8,011 16,418 17,037 36,865 2 337 2 186 4.905 4 586 10.408 2.337 4 907 4.722 10.710 R Tax Expense 2 261 Net Profit (+) / Loss (-) from ordinary activities after Tax (7-8) 11,506 5,653 5,609 10.481 24,238 6,101 5,750 11,511 12,315 26.155 Extraordinary items (net of tax expense Rs. Nil) 5.609 11,506 24.238 12.315 26.155 Net Profit (+) / Loss (-) for the period before minority interests (9-10) 5.653 10.481 6.101 5.750 11.511 Minority Interests 137 NA NA NΔ NA ΝΔ 3. Net Profit (+) / Loss (-) for the period (11-12) 5,609 10,344 11,506 24,238 6,101 5,750 11,511 12,315 26,155 5,598 4. Paid-up Equity Share Capital (Face value per share in Rs. 2/-) 4,365 4,365 4,365 4,365 4.365 4,365 4.365 4.365 4,365 4.365 15. Reserves excluding Revaluation Reserves as per Balance sheet of the previous 183,135 186,094 accounting year 6. Earnings per Share (EPS) (not annualised) Rs./share a) EPS before extra ordinary items for the period 2.56 2.72 4.74 6.10 11.92 2.80 2.79 5.27 6.53 12.86 2.56 2.70 4.74 6.08 11.90 2.80 2.77 5.27 6.50 12.84 - Diluted b) EPS after extra ordinary items for the period 2.56 2.72 4.74 6.10 11.92 2.80 2.79 5.27 6.53 12.86 - Basic 2.70 2.80 2.77 - Diluted 2.56 4.74 6.08 11.90 5.27 6.50 12.84 . Public Shareholding - Number of Shares 108.602.641 108.554.402 108.602.641 108.554.402 08.602.18 108.602.641 108.554.402 108.602.641 108.554.402 - Percentage of Shareholding 49.74% 49 74% 49 76% 49 74% 49 74% 49 76% 49.76% 49.76% 49.76% 49 76% 18. Promoters and Promoter Group Shareholding a) Pledged / Encumbered - Number of shares 1,319,250 1.319.250 1,319,250 1.319.250 1.319.250 1,319,250 1.319.250 1.319.250 1,319,250 1.319.250 1 20% 1 20% 1.20% 1 20% 1.20% 1.20% 1 20% 1.20% 1.20% 1.20% promoter group) - Percentage of shares (as a % of the total share capital of the company) 0.60% 0.60% 0.60% 0.60% 0.60% 0.60% 0.60% 0.60% 0.60% 0.60% Non-encumbered - Number of shares 108.337.071 108.364.975 108.337.071 108.364.975 08.337.07 108.337.071 108.364.975 108.337.071 108.364.975 108.337.07 promoter group) 98.80% 98.80% 98.80% 98.80% 98.80% 98.80% 98.80% 98.80% 98.80% 98.80% Percentage of shares (as a % of the total share capital of the company) 49.64% 49.66% 49.64% 49.66% 49.64% 49.64% 49.66% 49.64% 49.66% 49.64% Paid up Debt Capital (Debentures) 8,000 8,000 8,000 Debenture Redemption Reserve 1.000 600 800 Debt Equity Ratio (times) \* 0.10 0.05 0.09 Debt Service Coverage Ratio (DSCR) (times) \*\* 9.01 20.82 19.21 Interest Service Coverage Ratio (ISCR) (times) \*\*\* 18 18 29 54 28.69 # includes Exchange Fluctuation Gains / (Losses) (including unrealised gains/ 1189 478 1187 651 1016 479 335 649 997 osses on restatement of trade payables and receivables) 342

Unaudited Audited Unaudited Three months ended Six months ended Year ended Particulars December 31. December 31. June 30. 2010 2009 2010 2009 2010 Segment Revenue a) Products and Related Services - Computer Systems & Other Related Products and Services (Gross) 104,019 72,176 193,905 153,918 364,278 Less: Excise Duty 3.859 2,279 6 994 5,128 10,877 - Computer Systems & Other Related Products and Services (Net) 100.160 69.897 186.911 148.790 353.40 - Telecommunication & Office Automation (Net) 210.383 232.881 418.096 455 043 852.897 Internet & Related Services (Discontinuing Operations) 1.861 2.477 3.798 4 144 7.667 305,255 607,977 1,213,965 312,404 608,805 Less: Intersegment revenue 2.106 1.354 4.931 8.983 311.514 303 149 607.451 603 046 1 204 982 Net Sales / Income from Operations Segment Results (Profit/ (Loss) before Tax and Interest from each segment) Products and Related Services - Computer Systems & Other Related Products and Services 4,480 2,802 8,062 7,628 19,044 5.710 5.699 11.255 21.591 - Telecommunication & Office Automation 11 078 Internet & Related Services (Discontinuing Operations) (282) 119 (424)(1,380 9,908 8,620 18,531 18,459 39,255 Total Less: 970 ) Interest Expense 2,055 3,487 1,812 3,921 ii) Other un-allocable expenditure net off 1.331 663 2.462 1.768 4 170 iii) I In-allocable income 1.468 RUB 2 804 1 213 3 482 Total Profit before Tax 7.990 7.795 15.386 16.092 34.646 . Capital Employed (Segment Assets - Segment Liabilities) Products and Related Services - Computer Systems & Other Related Products and Services 136.743 110.858 121,511 - Telecommunication & Office Automation 24.531 16.840 20,339

Consolidated Segment-wise Information

Internet & Related Services (Discontinuing Operations)

Unallocated

Others

Liquid Assets

Total Capital Employed

Statement of Assets and Liabilities					Rs. Lakhs	
		Consolidated			Standalone	
Particulars		As at December 31, 2010 2009		As at December 31,		
i di ticulai s		-	2009	2010	2009	
	(Unaud	dited)	(Unaudited)	(Unaudited	(Unaudited	
Shareholder's funds						
Share Capital	4	4,365	4,365	4,365	4,36	
Share Warrant Application Money	1	1,766	1,766	1,766	1,76	
Reserves and Surplus	188	3,149	185,686	192,513	187,52	
Minority Interest		424	-	NA	N	
Loan funds						
Secured Loans	11	1,685	19,502	10,325	18,31	
Unsecured Loans	68	3,545	19,034	68,270	19,03	
Total	274	4,935	230,353	277,240	231,00	
Fixed Assets	33	3,992	26,990	23,241	18,07	
Investments		5,588			93,44	
Deferred Tax Assets (Net)	1	1,227	656	769	30	
Current assets, loans and advances						
Inventories	74	4,545	87,840	74,115	87,7	
Sundry Debtors	235	5,133	165,523	223,205	164,32	
Cash and Bank Balance	20	0,639	16,122	18,153	15,92	
Other Current Assets	36	6,257	13,683	35,900	13,42	
Loans and Advances	25	5,548	21,307	28,878	22,96	
	392	2,122	304,475	380,251	304,3	
Less: Current liabilities and provisions						
Current Liabilities	232	2,797	186,444	216,159	181,7	
Provisions		5,196	3,089	5,697	3,5	
Net Current Assets	154	1,129	114,942	158,395	119,1	
Total	274	1,935	230,353	277,240	231,0	

0.54 0.2

Rs. Lakhs

(282)

88,157

14,780

230.353

(818)

85 588

28,891

274,935

(477)

85,579

14.374

241.326

<sup>\*</sup> Debt Equity Ratio = Long Term Debts / (Paid-up Equity Share Capital + Share Warrants Application Money + Reserves excluding Revaluation Reserves)

<sup>\*\*</sup> DSCR = Profit Before Interest on long term debts and Tax / (Interest Expense on long term debts + Principal Repayment of Long Term Debts)

<sup>\*\*\*</sup> ISCR = Profit Before Interest on long term debts and Tax / Interest Expense on long term debts

## Notes:

- 1. The above results, after recommendation by the Audit Committee, have been approved and taken on record by the Board of Directors at its meeting held on January 28, 2011. These results have been subjected to limited review by the statutory auditors.
- 2. The Board of Directors at the above meeting has declared interim dividend of Rs. 2/- per fully paid up equity share of Rs. 2/- each for the Financial Year 2010-11. The "Record Date" for the payment of dividend will be February 7, 2011.
- 3. During the quarter, the Company through a wholly owned subsidiary incorporated in Singapore has agreed to acquire 20% equity stake in a Dubai based company. As the acquisition would be completed after the closure of the current quarter, the financial results of that Dubai based company have not been considered in the above results.
- 4. The Company has signed a Share Purchase Agreement (SPA) with a Buyer in January 2011 for the sale of its entire equity stake in HCL Infinet Limited, the wholly owned subsidiary, reported as Internet & Related Services segment which is accordingly identified as a discontinuing operation. The sale/transfer of the entire equity stake shall be given effect on receipt of necessary regulatory approvals. As per the SPA, all cash losses incurred by HCL Infinet Limited for carrying out its day to day business operations till the date of transfer of shares shall be funded and borne by the Company. The financial impact of this transaction would be accounted for in the standalone and consolidated financial results on consummation of the transaction.
- 5. During the quarter ended December 31, 2010, 230 equity shares of Rs. 2/- each fully paid up were issued and allotted pursuant to the exercise of stock options under HCL Infosystems Limited Employee Stock Option Scheme 2000.
- 6. Pursuant to notification u/s 211(3C) of the Companies Act 1956 issued by the Ministry of Corporate Affairs on March 31, 2009, the Company had opted to accumulate the exchange difference arising on translation of foreign currency items having a term of 12 months or more and amortise such exchange difference over the useful life of the item. Accordingly, a gain of Rs. 257 lakhs stands deferred as at December 31, 2010.
- 7. Tax expense for the current quarter has been estimated subject to final computation of various tax adjustments.
- 8. Consolidated Results include financial results of HCL Infosystems Limited (the parent company) and its seven subsidiaries (including one subsidiary incorporated during the quarter) and their two subsidiaries and one joint venture company.
- 9. The Company on a standalone basis and its subsidiary HCL Insys Pte. Limited, Singapore and step down subsidiary HCL Infosystems (Abu Dhabi), LLC operate in Computer Systems and Telecommunication & Office Automation segments. The Company's subsidiary HCL Infinet Limited operates in Internet & Related Services segment. HCL Security & Surveillance solutions, forms part of Telecommunication & Office Automation segment.
- 10 Five investor complaints were received and resolved during the quarter ended December 31, 2010. No investor complaints were pending at the beginning and at the end of the quarter.
- 11. Figures for previous periods have been regrouped and rearranged, wherever necessary, to conform with the relevant current period's classification.

By order of the Board for HCL Infosystems Limited

Place : Noida

Date : January 28, 2011

AJAI CHOWDHRY

Chairman