

Quarterly Earning Release

First Quarter FY 11

October 27, 2010

HCL Infosystems Ltd

Table of Contents

Key Highlights	2
Business Highlights	3
Consolidated Results	5
Segment Results	6
Financials	7

CHAIRMAN'S ADDRESS



Commenting on the results **Mr. Ajai Chowdhry, Chairman, HCL Infosystems Ltd** said, "Over the last quarter, HCL Infosystems has successfully ventured into new markets and enhanced vertical expertise to sustain company's transformation journey with solutions centric practices through specialised products. With the company expanding into the Middle East market through its subsidiary HCL Infosystems MEA, will not only reach out to a large customer base but also further build capacity to develop and deliver world class solutions.'

"With Harsh Chitale taking over the role of CEO, HCL Infosystems is all set to take its system integration expertise to newer boundaries and replicate the Indian ICT success story in other emerging markets globally. In the past one year the organisation has witnessed significant changes unveiling a new face of HCL Infosystems as a driver for creation of new markets and verticals backed by System Integration ICT solutions. I am confident that Harsh will successfully lead the company with a strong focus on both products and solutions, and deliver on our motto to enrich lives through business transformation"

2

FINANCIAL HIGHLIGHTS

QUARTERLY HIGHLIGHTS

➤ Consolidated

- ❖ Revenue at **Rs. 2991 crores.**
- ❖ Profit before tax at **Rs. 74 crores.**
- ❖ Basic EPS at **Rs. 2.2** per share of Rs. 2/- each.

➤ Computer Systems

- ❖ Revenue at **Rs. 899 crores**, up 10% YoY.
- ❖ PBIT at **Rs. 36 crores.**

➤ Telecommunication & Office Automation

- ❖ Revenue at **Rs. 2077 crores.**
- ❖ PBIT at **Rs. 54 crores.**

Declared Interim dividend of Rs. 2/- per share (100% on an equity share of par value of Rs. 2/- each). 29th consecutive quarterly Dividend Declared.

INVESTING IN THE FUTURE

The company's charter of expansion led by transformation in the Services and System Integration business has resulted in the introduction of new practices, new products through IP creation for diverse System Integration solutions. The expansion strategy also involves tapping emerging sectors and aggressively augments services, exports and inorganic growth through possible mergers and acquisition.

- Launched HCL O'zone, an end-to-end cloud based computing infrastructure
- Overseas expansion through inorganic growth in high potential emerging markets
- Employee strength grew to 7000 professionals as on September 30, 2010
 - ❖ Addition of over 200 Domain specialists in the R&D and product development space
- Investing close to Rs. 40 crores in a project to upgrade SAP ERP systems across the organization.
- Certified and validated the Financial Inclusion framework with the development of specialised Handheld Terminals and Software products on the UIDAI guidelines.
- Supplemented System Integration growth with IP creation for over 30 products.
- Investing in setting up technology "Centre of Excellence" at Greater Noida, Jaipur and Mohali.
- Continued to build on brand 'ME' with new promotional campaigns.
- Continual investment in quality initiatives, working towards a six sigma approach.
- Forayed in the affordable mass gaming market with ME gaming consoles.
- Committed to sustainability, further invested in the development of green products.

AWARDS and ACCOLADES

- **Mr. Ajai Chowdhry, Chairman, awarded 'Electronics Man of the Year'** by ELCINA-EFY Awards along with recognitions for the company for award categories 'Environment' and 'Quality Systems' respectively
- Recognised as the Top Indian '**Most Trusted IT Brands 2010**' by Economic Times '**Brand Equity**'.
- Tops Employee satisfaction charts for consecutive year as per the **IDC Dataquest survey**.
- Selected **Business Superbrands** by the Superbrands Council.

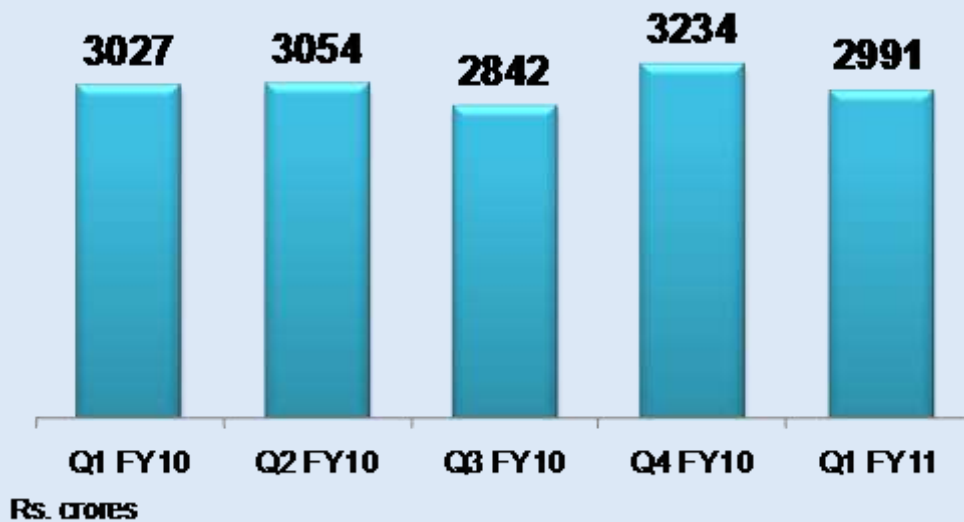
BUSINESS HIGHLIGHTS

HCL Infosystems ends the quarter with an all time high Systems Integration Order Book of over Rs. 4000 crores.

- Order book carried forward as on 1st October 2010 grew 100% QoQ and 120% YoY
- Harsh Chitale takes over as Chief Executive Officer
- Bagged an order to create India's National IT Backbone for Healthcare on the Cloud - INHITC (India's National Health Information Technology Cloud)
- Picked up majority stake in a Dubai-based company with offices across middle east – The new entity HCL Infosystems MEA to be the beachhead for Middle East and Africa
- Bagged an order for the deployment of 'BancMate' (HCL Infosystems' core-banking solution) in Cameroon , Africa with multilingual capabilities
- Won a RAPDRP project worth Rs.100cr from HPSEB to roll out power reforms in the state
- Bagged country's largest Targeted PDS (based on the UIDAI guidelines) order from Madhya Pradesh Government – to also generate 50million (approx.) UID numbers generated
- Deployed AFNET, country's first fully secured and reliable network for the Indian Air Force(IAF) for net-centric combat and communication
- Set up India's largest Airport Operation Control Centre for Delhi International Airport Limited (DIAL)
- Project awarded for digitising data from Census of India for the year 2010 –11
- Successfully deployed Dial 100 solution for Police in Uttar Pradesh
- HCL Learning bagged multiple orders for IT training for employees in diverse industries including prominent IT, infrastructure, education & steel companies
- Empanelment with CED, Gujarat (Centre for entrepreneurship Development) for Training under PPP Model
- Signed on over 30 schools to deploy DigiSchools solution under HCL Learning
- 22% YoY growth in no. of enrollments at Career Development Centers(CDC) under HCL Learning
 - ❖ 4 new CDCs made operational located at Rajkot, Howrah, Dhanbad and Raebareli
- Introduction of Series 05 Netbook with N450 Processor and ME Laptop series 55, 65 & 74.
- Bagged orders for its laptop and desktop range from leading educational institutions, banks and corporate
- In the office automation space, won multiple contracts including supply of MFPs and Projectors to a leading education institution across Karnataka
- Bagged an order to deploy and integrate AV equipment for the new facility of a leading entertainment channel in Chennai
- Digital Lifestyle business added new products to its portfolio of consumer electronics and mobile accessories
- Under the Digital Lifestyle & distribution business, Nokia launch of handset model 2690 was well received in the market also the much awaited Nokia C1 first dual SIM mobile phone and C3 the entry level QWERTY phone was launched this quarter which has received very good response

CONSOLIDATED RESULTS

The company reported consolidated revenue of **Rs. 2,990.7 crores** for the quarter ended September 30, 2010.



Profit before tax was reported at **Rs. 74.0 crores** for the quarter ended September 30, 2010.

Earnings per share:

Basic EPS for the quarter ended September 30, 2010 was **Rs. 2.2 per share** of Rs. 2/- each.

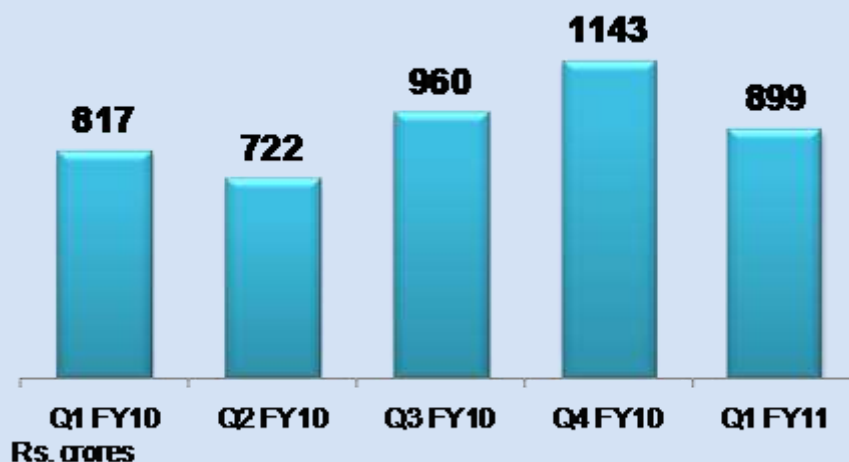
Dividend:

The Board of Directors has recommended Interim dividend of Rs. 2/- per fully paid up share (100% on an equity share of par value of Rs 2/- each).

SEGMENT RESULTS

COMPUTER SYSTEMS & OTHER RELATED PRODUCTS

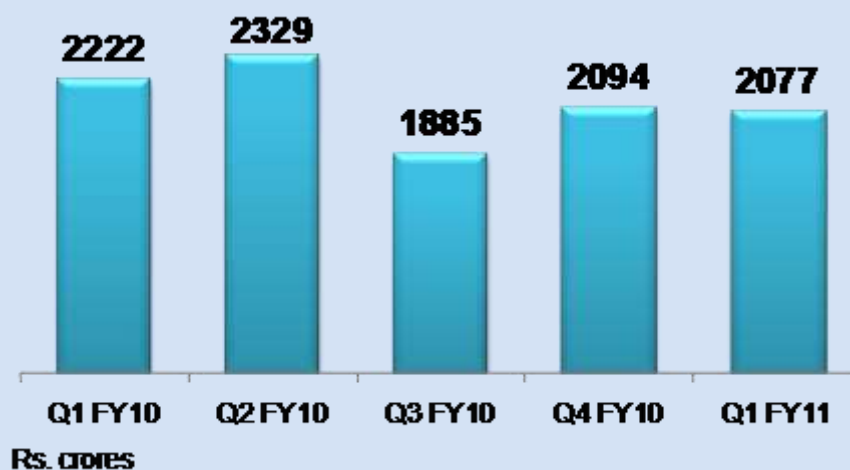
Revenue from Computer Systems business for the quarter was **Rs. 898.9 crores**, a growth of 10% over same period last year.



Profit before interest & taxes (PBIT) for the quarter was **Rs. 35.8 crores**.

TELECOMMUNICATION & OFFICE AUTOMATION

Revenue from Telecommunication & Office Automation business for the quarter was **Rs. 2,077.1 crores**.



Profit before interest & taxes for Telecommunication and Office Automation business for the quarter was **Rs. 53.7 crores**.

CONSOLIDATED PROFITABILITY

CONSOLIDATED PROFIT & LOSS ACCOUNT		Unaudited		Rs crores
				Audited
		Q1 FY 11	Q1 FY 10	FY 10
	Gross Sales / Income from Operations	2,990.7	3,027.5	12,158.6
	Less: Excise Duty	31.4	28.5	108.8
1a.	Net Sales / Income from Operations	2,959.4	2,999.0	12,049.8
1b.	Other Operating Income #	18.8	2.3	29.8
2	Expenditure			
	(Increase) / Decrease in Stock in Trade and Work in Progress			
a)		63.1	110.6	137.6
b)	Consumption of Raw Materials	379.2	389.5	1,849.0
c)	Purchase of Traded Goods	2,156.3	2,147.0	8,473.2
d)	Purchase of Services	54.6	55.2	312.9
e)	Stores & Spares consumed and Others	42.5	33.1	173.3
f)	Employees Cost	111.5	89.6	391.2
g)	Administration, Selling, Repairs & Others	87.5	83.2	366.0
h)	Depreciation	8.6	5.9	25.5
	Total Expenditure	2,903.3	2,913.9	11,728.8
3	Profit from Operations before Other Income & Interest (1-2)	74.9	87.3	350.9
4	Other Income	13.4	4.1	34.8
5.	Profit before Interest (3+4)	88.3	91.4	385.7
6.	Interest Expense	14.3	8.4	39.2
7.	Profit (+) / Loss (-) from ordinary activities before Tax (5-6)	74.0	83.0	346.5
8.	Tax Expense	25.7	24.0	104.1
9.	Net Profit (+) / Loss (-) from ordinary activities after Tax (7-8)	48.3	59.0	242.4
10.	Extraordinary items (net of tax expense Rs Nil)	-	-	-
11.	Net Profit (+) / Loss (-) for the period before minority interests (9-10)	48.3	59.0	242.4
12	Minority Interests	0.8	-	-
13	Net Profit (+) / Loss (-) for the period (11-12)	47.5	59.0	242.4
	Basic EPS (Not annualised) Rs/share	2.2	3.4	11.9
	Other Operating Income includes Exchange Fluctuation Gain/(Loss) (Net)	6.7	(1.7)	11.9

KEY RATIOS

Key Ratios	Q1 FY11
Return on Capital Employed %	14%
Return on Net Worth %	10%
Debt / Debt+Equity	0.26
Debtors Collection period (days) {annualised}	66
Inventory turnover (annualised)	15
Current ratio	1.7

CONSOLIDATED SEGMENT

		Rs crores		
	Particulars	Unaudited		Audited
		Q1 FY 11	Q1 FY 10	FY 10
1.	Segment Revenue			
a)	Products and Related Services			
	- Computer Systems & Other Related Products and Services (Gross)	898.9	817.4	3,642.8
	Less: Excise Duty	31.4	28.5	108.8
	- Computer Systems & Other Related Products and Services (Net)	867.5	788.9	3,534.0
	- Telecommunication & Office Automation (Net)	2,077.1	2,221.6	8,529.0
b)	Internet & Related Services	19.4	16.7	76.7
	Total	2,964.0	3,027.2	12,139.7
	Less: Intersegment revenue	4.6	28.2	89.8
	Net Sales / Income from Operations	2,959.4	2,999.0	12,049.8
2.	Segment Results (Profit (+) / Loss (-) before Tax and Interest from each segment)			
a)	Products and Related Services			
	- Computer Systems & Other Related Products and Services	35.8	48.3	190.4
	- Telecommunication & Office Automation	53.7	55.6	215.9
b)	Internet & Related Services	(3.3)	(5.4)	(13.8)
	Total	86.2	98.4	392.6
	Less:			
	i) Interest Expense	14.3	8.4	39.2
	ii) Other un-allocable expenditure net off	11.3	11.1	41.7
	iii) Un-allocable income	13.4	4.1	34.8
	Total Profit before Tax	74.0	83.0	346.5
3.	Capital Employed (Segment Assets - Segment Liabilities)			
a)	Products and Related Services			
	- Computer Systems & Other Related Products and Services	1,403.1	1,082.2	1215.1
	- Telecommunication & Office Automation	280.0	216.9	203.4
b)	Internet & Related Services	(6.2)	(10.7)	(4.8)
c)	Unallocated			
	- Liquid Assets	776.9	200.0	855.8
	- Others	158.3	(7.7)	143.7
	Total Capital Employed	2,612.0	1,480.8	2413.3

CONSOLIDATED BALANCE

Particulars	Rs crores	
	Unaudited 30.09.10	Unaudited 30.06.10
Net Worth	1937.5	1892.7
Loans	671.8	520.6
Minority Interest	2.7	-
Net Fixed Assets	335.9	287.3
Investments and Cash & Bank Balances	999.9	1153.9
Deferred Tax Asset	12.9	13.5
Inventory	799.9	839.6
Sundry Debtors	2129.5	1967.3
Other Current Assets	559.0	507.5
Current Liabilities & Provisions	(2225.1)	(2355.8)
Total Capital Employed	2612.0	2413.2

ABOUT HCL INFOSYSTEMS

HCL Infosystems Ltd, with revenue (LTM) of US\$ 2.6 billion (Rs 12,122 crores) is India's premier hardware, services and ICT systems integration company offering a wide spectrum of ICT products that includes Computing, Storage, Networking, Security, Telecom, Imaging and Retail. HCL is a one-stop-shop for all the ICT requirements of an organisation. India's leading System Integration and Infrastructure Management Services Organisation, HCL has specialised expertise across verticals including Telecom, BFSI, eGovernance & Power. HCL has India's largest distribution and retail network, taking to market a range of Digital Lifestyle products in partnership with leading global ICT brands, including Apple, Cisco, Ericsson, Kingston, Kodak, Konica Minolta, Microsoft, Nokia, Toshiba, and many more. HCL today has India's largest vertically integrated computer manufacturing facility with over three decades of electronic manufacturing experience & HCL desktops is the largest selling brand into the enterprise space. With India's largest ICT services network that reaches to every corner of India, HCL's award winning Support Services makes it the preferred choice of enterprise and consumers, alike. HCL Infosystems has a 100% subsidiary that addresses the physical security technology system integration market. The subsidiary leverages technology to build a security framework called 'Safe State' that safe guard's life, infrastructure & society. For more information please visit us at www.hclinfosystems.in

ABOUT HCL ENTERPRISE

HCL is a \$5.3 billion leading global technology and IT enterprise comprising two companies listed in India - HCL Technologies and HCL Infosystems. Founded in 1976, HCL is one of India's original IT garage start-ups. A pioneer of modern computing, HCL is a global transformational enterprise today. Its range of offerings includes product engineering, custom & package applications, BPO, IT infrastructure services, IT hardware, systems integration, and distribution of information and communications technology (ICT) products across a wide range of focused industry verticals. The HCL team consists of over 71,000 professionals of diverse nationalities, who operate from 29 countries including over 500 points of presence in India. HCL has partnerships with several leading Global 1000 firms, including leading IT and technology firms. For more information, please visit www.hcl.com

EMPLOYEE MATRIX

In the year under review, HCL Infosystems continued its focus on strong people management initiatives. The total employee strength was over 6700 people as on June 30, 2010. With a special focus on skill enhancement, the quarter saw a good mix of initiatives taken for employee training and skill development across the organisation. The company was earlier ranked as 'Best Employer 2008-09' in the Indian IT sector by IDC DQ survey.

ENVIRONMENT INITIATIVES

HCL Infosystems this year emerged amongst top three green electronic companies in the world by Greenpeace's 'Guide to Greener Electronics'. This year the company also participated in the 'Earth Hour 2010', a global initiative to bring attention to the environmental change. HCL Infosystems being a pioneer in Green technology urged its employees to be part of this initiative. The company has always been focused on developing a sustainable future through environment-friendly green computing. HCL Infosystems amalgamated its various environment protection initiatives under the comprehensive 'HCL ecoSafe' program. Under the 'HCL ecoSafe' initiative, HCL Desktops, Servers and Laptops are RoHS (Restriction of Hazardous Substances) compliant.

HCL Infosystems has a comprehensive e-waste recycling policy, wherein HCL Infosystems facilitates its consumers to recycle / dispose their 'end-of-life' products manufactured by HCL in an environmentally safe manner. In addition, the HCL Best Assured Campaign, an initiative against the counterfeit electronic products has created consumer awareness and is helping in preventing the dumping of these in India.

AWARDS and ACCOLADES

HCL Infosystems bagged several awards and accolades. This year in a customer satisfaction survey conducted by the IDC Dataquest, HCL Infosystems was ranked No.1 for the second consecutive year. Springboard Research also recognised HCL Infosystems as the best technology company for Consumer Satisfaction. Besides these recognitions, the company was also honoured with various other accolades like:

- 'Dun & Bradstreet Rolta Corporate Award for the year 2009' in computer hardware and peripherals category
- ELCINA-Dun & Bradstreet Award for 'Outstanding achievement in Quality for the year 2009'
- 'The Electronics Company of the Year 2009' by EFY
- Selected Business Superbrand India 2010-11
- Emerged amongst top five green electronic companies in the world by Greenpeace's 'Guide to Greener Electronics'
- Ranked No.1 in the Best Employer Study 2009 conducted by IDC – Dataquest
- 'HCL ME', was ranked amongst top 10 brands by a Business Standard survey 'Brand Derby 2009'

CONSOLIDATED PROFITABILITY

CONSOLIDATED PROFIT & LOSS ACCOUNT	Rs crores			
	Unaudited		Audited	
	Q4 FY 10	Q4 FY 09	FY 10	FY 09
Gross Sales / Income from Operations	3,234.4	3,132.9	12,158.6	12,378.5
Less: Excise Duty	29.5	26.6	108.8	126.1
1a. Net Sales / Income from Operations	3,204.9	3,106.3	12,049.8	12,252.4
1b. Other Operating Income #	(0.9)	11.5	29.8	(4.6)
2 Expenditure				
(Increase) / Decrease in Stock in Trade and				
a) Work in Progress	(17.6)	169.8	137.6	(18.6)
b) Consumption of Raw Materials	555.8	446.5	1,849.0	1,860.3
c) Purchase of Traded Goods	2,192.6	2,126.5	8,473.2	8,928.4
d) Purchase of Services	109.9	68.5	312.9	256.4
e) Stores & Spares consumed and Others	49.3	28.4	173.4	136.5
f) Employees Cost	109.7	82.6	391.2	338.2
g) Administration, Selling, Repairs & Others	104.9	98.2	366.0	344.8
h) Depreciation	7.2	5.9	25.5	21.3
Total Expenditure	3,111.8	3,026.4	11,728.8	11,867.2
3 Profit from Operations before Other Income & Interest (1-2)	92.2	91.3	350.9	380.6
4 Other Income	16.0	3.5	34.8	15.4
5. Profit before Interest (3+4)	108.2	94.9	385.7	396.0
6. Interest Expense	12.0	10.1	39.2	44.7
7. Profit (+) / Loss (-) from ordinary activities before Tax (5-6)	96.2	84.8	346.5	351.3
8. Tax Expense	29.0	24.4	104.1	111.4
9. Net Profit (+) / Loss (-) from ordinary activities after Tax (7-8)	67.2	60.4	242.4	240.0
10. Extraordinary items (net of tax expense Rs Nil)	-	-	-	-
11. Net Profit(+)/ Loss (-) for the period (8-9)	67.2	60.4	242.4	240.0
12 Basic EPS (Not annualised) Rs/share	3.1	3.5	11.9	14.0
Other Operating Income includes Exchange Fluctuation Gain/(Loss) (Net)	(5.2)	6.8	11.9	(26.4)

KEY RATIOS

Key Ratios	FY 10	FY 09
Return on Capital Employed %	16%	29%
Return on Net Worth %	13%	21%
Debt / Debt+Equity	0.22	0.17
Debtors Collection period (days) {annualised}	59	44
Inventory turnover (annualised)	14	14
Current ratio	1.5	1.4

CONSOLIDATED SEGMENT

		Rs crores			
	Particulars	Unaudited		Audited	
		Q4 FY 10	Q4 FY 09	FY 10	FY 09
1.	Segment Revenue				
a)	Products and Related Services				
	- Computer Systems & Other Related Products and Services (Gross)	1,143.2	971.0	3,642.8	3,540.0
	Less: Excise Duty	29.5	26.6	108.8	126.1
	- Computer Systems & Other Related Products and Services (Net)	1,113.7	944.4	3,534.0	3,413.9
	- Telecommunication & Office Automation (Net)	2,093.9	2,177.9	8,529.0	8,874.5
b)	Internet & Related Services	17.6	14.0	76.7	46.1
	Total	3,225.1	3,136.4	12,139.7	12,334.5
	Less: Intersegment revenue	20.2	30.0	89.8	82.1
	Net Sales / Income from Operations	3,204.9	3,106.3	12,049.8	12,252.4
2.	Segment Results (Profit (+) / Loss (-) before Tax and Interest from each segment)				
a)	Products and Related Services				
	- Computer Systems & Other Related Products and Services	61.2	52.3	190.4	177.3
	- Telecommunication & Office Automation	49.9	54.3	215.9	246.2
b)	Internet & Related Services	(6.2)	(8.6)	(13.8)	(17.8)
	Total	104.9	98.1	392.6	405.7
	Less:				
	i) Interest Expense	12.0	10.1	39.2	44.7
	ii) Other un-allocable expenditure net off	12.7	6.7	41.7	25.1
	iii) Un-allocable income	16.0	3.5	34.8	15.4
	Total Profit before Tax	96.2	84.8	346.5	351.3
3.	Capital Employed (Segment Assets - Segment Liabilities)				
a)	Products and Related Services				
	- Computer Systems & Other Related Products and Services			1215.1	875.6
	- Telecommunication & Office Automation			203.4	187.5
b)	Internet & Related Services			(4.8)	(8.8)
c)	Unallocated				
	- Liquid Assets			855.8	268.5
	- Others Unallocated			143.7	25.9
	Total Capital Employed			2413.3	1348.8

CONSOLIDATED BALANCE SHEET

Particulars	Rs. Crores	
	Consolidated	
	As at June 30, 2010 (Audited)	2009 (Audited)
Shareholder's funds		
Share Capital	43.7	34.2
Share Warrant Application Money	17.7	-
Reserves and Surplus	1,831.4	1,087.7
Loan funds		
Secured loans	162.7	101.9
Unsecured loans	357.9	125.0
Total	2,413.3	1,348.8
Fixed Assets	287.3	185.2
Investments	853.7	260.0
Deferred Tax Assets	13.5	5.6
Current assets, loans and advances		
Inventories	839.6	889.1
Sundry Debtors	1,967.3	1,506.3
Cash and Bank Balance	300.2	210.1
Other Current Assets	252.5	104.7
Loans and advances	255.0	201.4
	3,614.6	2,911.6
Less: Current liabilities and provisions		
Current liabilities	2,227.3	1,935.4
Provisions	128.6	78.3
Net Current Assets	1,258.7	897.9
Total	2,413.3	1,348.8

ABOUT HCL INFOSYSTEMS

HCL Infosystems Ltd, with revenue (LTM) of US\$ 2.6 billion (Rs 12,159 crores) is India's premier hardware, services and ICT systems integration company offering a wide spectrum of ICT products that includes Computing, Storage, Networking, Security, Telecom, Imaging and Retail. HCL is a one-stop-shop for all the ICT requirements of an organisation.

India's leading System Integration and Infrastructure Management Services Organisation, HCL has specialised expertise across verticals including Telecom, BFSI, eGovernance & Power. HCL has India's largest distribution and retail network, taking to market a range of Digital Lifestyle products in partnership with leading global ICT brands, including Apple, Cisco, Ericsson, Kingston, Kodak, Konica Minolta, Microsoft, Nokia, Toshiba, and many more.

HCL today has India's largest vertically integrated computer manufacturing facility with over three decades of electronic manufacturing experience & HCL desktops is the largest selling brand into the enterprise space.

With India's largest ICT services network that reaches to every corner of India, HCL's award winning Support Services makes it the preferred choice of enterprise and consumers, alike. HCL Infosystems has a 100% subsidiary that addresses the physical security technology system integration market. The subsidiary leverages technology to build a security framework called 'Safe State' that safe guard's life, infrastructure & society. For more information please visit us at www.hclinfosystems.in

ABOUT HCL ENTERPRISE

HCL is a US\$ 5 billion leading global Technology and IT Enterprise that comprises two companies listed in India – HCL Technologies & HCL Infosystems. Founded in 1976, HCL is one of India's original IT garage start-ups, a pioneer of modern computing, and a global transformational enterprise, today. Its range of offerings spans Product Engineering, Custom & Package Applications, BPO, IT Infrastructure Services, IT Hardware, Systems Integration, and distribution of ICT products across a wide range of focused industry verticals. The HCL team comprises over 71,000 professionals of diverse nationalities, who operate from 26 countries including over 500 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