

HCL INFOSYSTEMS LIMITED

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

Unaudited Financial Results for the Quarter ended September 30, 2006

Rs crores

Consolidated Segment-wise Information

Rs crores

Particulars	Consolidated			Standalone		
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	Three months ended September 30, 2006	Year ended June 30, 2006	Three months ended September 30, 2006	Year ended June 30, 2006	Three months ended September 30, 2006	Year ended June 30, 2006
1a Gross Sales / Income from Operations	2823.96	2285.32	11454.97	563.59	487.48	2381.36
1b. Less: Excise Duty	39.29	6.43	86.66	39.29	6.43	86.66
1. Net Sales / Income from Operations	2784.67	2278.89	11368.31	524.30	481.05	2294.70
2. Total Expenditure						
a) (Increase)/Decrease in Stock in Trade	-151.87	-162.81	-125.28	-45.40	-42.17	-59.40
b) Cost of Sales (Net)	2747.61	2277.25	10714.73	479.01	439.73	1978.51
c) Staff Cost	49.35	41.12	180.91	33.88	29.20	127.22
d) Administration, Selling, Repairs & Others	53.65	47.95	220.55	28.93	25.75	111.39
3 Depreciation	3.87	3.99	12.43	2.46	1.69	6.75
4. Operating Profit (1-2-3)	82.06	71.39	364.97	25.42	26.85	130.23
5. Exchange Fluctuation Gain/(Loss) (Net)	1.62	-1.78	-14.44	2.16	-1.45	-11.15
6. Other Income	11.09	11.47	33.85	5.90	8.16	17.01
7. Interest (Net)	1.25	-0.94	-0.88	3.37	0.06	4.57
8. Profit before Tax (4+5+6-7)	93.52	82.02	385.26	30.11	33.50	131.52
9. Tax Expense						
- Current	25.45	19.05	98.53	3.34	2.40	11.61
- Deferred	0.36	0.06	3.41	0.66	0.84	4.73
- Fringe Benefit	0.64	0.79	2.96	0.37	0.51	1.96
10. Net Profit after Tax (PAT) (8-9)	67.07	62.12	280.36	25.74	29.75	113.22
11. Paid-up Equity Share Capital (Face value per share in Rs. 2/-)	33.76	33.52	33.75	33.76	33.52	33.75
12. Reserves excluding Revaluation Reserves of the previous accounting year			660.97			374.63
13. EPS (Not annualised) Rs/share						
- Basic	3.97	3.70	16.69	1.53	1.78	6.74
- Diluted	3.94	3.33	16.45	1.51	1.59	6.64
14. Aggregate of Non - Promoters Shareholding						
- Number of Shares			76376013	67508720	76293338	
- Percentage of Shareholding			45.24	40.28	45.22	

Particulars	Unaudited		Audited
	Three months ended September 30, 2006	2005	Year ended June 30, 2006
1. Segment Revenue			
a) Products and Related Services			
- Computer Systems & Other Related Products (Gross)	563.59	487.48	2381.36
Less: Excise Duty	39.29	6.43	86.66
- Computer Systems & Other Related Products (Net)	524.30	481.05	2294.70
-Telecommunication & Office Automation	2254.41	1791.22	9049.81
b) Internet & Related Services	9.49	9.67	37.13
Total	2788.20	2281.94	11381.64
Less : Intersegment revenue	3.53	3.05	13.33
Net Sales / Income from Operations	2784.67	2278.89	11368.31
2. Segment Results (Profit(+)/ Loss(-) before Tax and Interest from each segment)			
a) Products and Related Services			
- Computer Systems & Other Related Products	31.22	27.38	125.50
-Telecommunication & Office Automation	62.33	47.78	243.96
b) Internet & Related Services	-0.37	0.26	4.47
Total	93.18	75.42	373.93
Less :			
i) Interest (Net)	1.25	-0.94	-0.88
ii) Other un-allocable expenditure net of un-allocable income	-1.59	-5.66	-10.45
Total Profit before Tax	93.52	82.02	385.26
3. Capital Employed (Segment Assets - Segment Liabilities)			
a) Products and Related Services			
- Computer Systems & Other Related Products	400.59	336.64	386.69
-Telecommunication & Office Automation	78.99	105.85	-1.23
b) Internet & Related Services	4.33	7.80	4.61
c) Unallocated			
- Liquid Assets	295.57	200.03	353.55
- Others unallocated (including investment in assets given on finance lease)	20.28	7.40	38.70
Total Capital Employed	799.76	657.72	782.32

Notes:

- The above results have been taken on record at the meeting of the Board of Directors of the Company held on October 18, 2006.
- 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 2006-07. The Register of Members and Share Transfer Books of the Company would remain closed from Thursday October 26, 2006 to Friday October 27, 2006 (both days inclusive) for the purpose of payment of interim dividend.
- No investor complaints were received during the quarter ended September 30, 2006. No investor complaints were pending at the beginning and at the end of the quarter.
- During the quarter ended September 30, 2006, 82675 equity shares of Rs 2/- each fully paid up were issued and allotted pursuant to the exercise of stock options under HCL Infosystems Ltd. - Employee Stock Option Scheme.
- The composite Scheme of Arrangement for merging the subsidiary HCL Infinet Ltd., comprising of Telecommunication and Office Automation segment, with the company w.e.f April 1, 2006 has been filed with the Hon'ble High Court of Delhi. As directed by the Hon'ble High Court, the meeting of unsecured creditors of HCL Infinet Ltd. is scheduled to be held on Saturday, October 28, 2006.
- Consequent to the revised Accounting Standard 15 issued by Institute of Chartered Accountants of India, applicable to the Company effective July 1, 2006, the Company has revised its provision for retirement and other benefits as at July 1, 2006. As per the transitional provisions contained in AS 15, the net additional opening liability as on July 1, 2006 towards liability for retirement and other benefits amounting to Rs.1.57 crores & Rs. 2.04 crores has been adjusted against the opening balance of revenue reserves in the Standalone and Consolidated accounts respectively.
- The auditors of the Company have carried out a ' Limited Review ' of the standalone unaudited financial results for the quarter ended September 30, 2006 in terms of Clause 41 of the Listing Agreement with Stock Exchanges.
- Tax expense for the current quarter has been estimated subject to audit and final computation of various tax adjustments. It does not take into account tax issues disputed by the Company.
- Consolidated results include results of HCL Infinet Ltd., the wholly owned subsidiary of the Company and Microcomp Ltd., the wholly owned subsidiary of HCL Infinet Ltd.
- The Company on a standalone basis operates in a single segment.
- Figures for previous periods have been regrouped and rearranged to conform with the relevant current period classification.

By order of the Board
for HCL Infosystems Limited

Place : Noida
Date : October 18, 2006

AJAI CHOWDHRY
Chairman & Chief Executive Officer