



Quarterly Earning Release

Third Quarter FY 10

April 30, 2010

HCL Infosystems Ltd

Table of Contents

Financial & Business Highlights	2
Consolidated Results	3
Segment Results	4
New Initiatives	9
Financials	10

CHAIRMAN'S ADDRESS



Commenting on the results **Mr. Ajai Chowdhry, Chairman & CEO, HCL Infosystems Ltd** said, "With improvement in customer sentiment and healthy signs shown by world economies, I expect the year ahead to see positive growth of the Indian IT market. This quarter we took significant steps towards technology accessibility for masses with collaborative efforts to introduce 100% finance schemes for PC users across India. Our commitment towards eco-friendly products and sustainability was further reinforced with the launch of India's first PVC and BFR free laptops.

Last but not the least, our relentless efforts towards customer satisfaction were recognized, with HCL Infosystems being ranked as the 'Best IT Services Company' in the country by IDC DQ survey, for the second consecutive year."

2

FINANCIAL HIGHLIGHTS

QUARTERLY HIGHLIGHTS

➤ Consolidated

- ❖ Revenue at **Rs. 2842 crores**. Services revenue at **Rs. 176 crores**.
- ❖ Profit before tax at **Rs. 89 crores**. Profit after tax at **Rs. 60 crores**.
- ❖ Basic EPS at **Rs. 2.8** per share of Rs. 2/- each.

➤ Computer Systems

- ❖ Revenue at **Rs. 960 crores**, up 33% sequentially. PBIT at **Rs. 53 crores**, up 89% sequentially.

➤ Telecommunication & Office Automation

- ❖ Revenue at **Rs. 1885 crores**. PBIT at **Rs. 54 crores**.

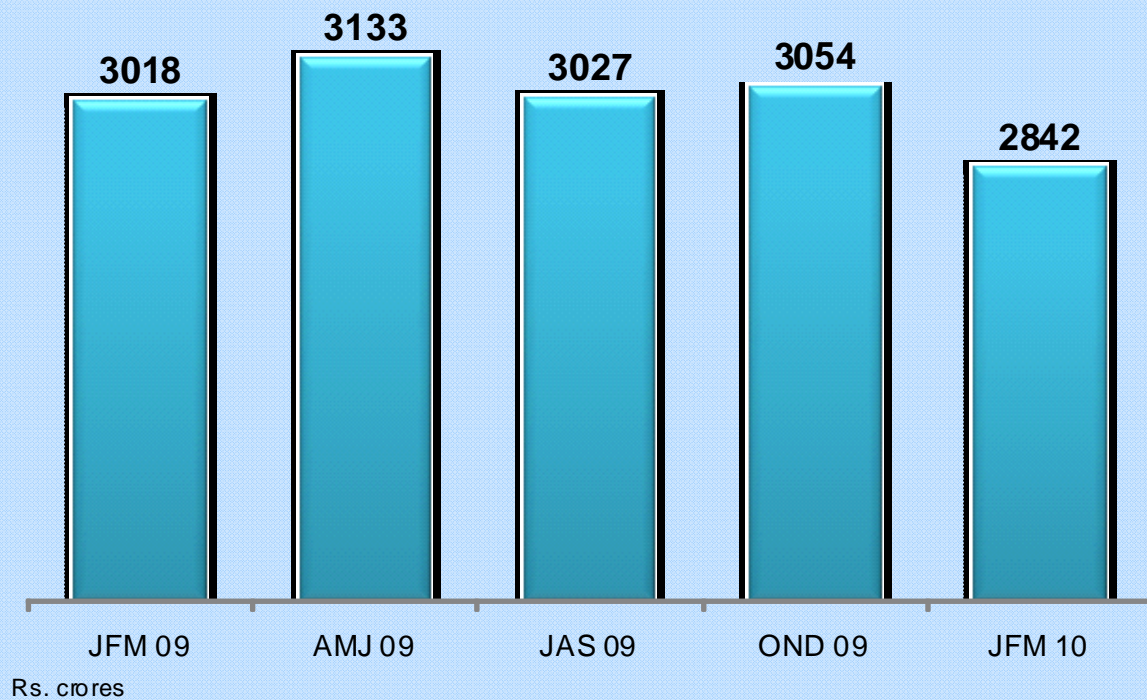
Third Interim dividend of **Rs. 2/- per share (100 % on an equity share of par value of Rs. 2/- each)**.
27th consecutive quarterly Dividend Declared.

BUSINESS HIGHLIGHTS

- SI Orders of over Rs. 500 crores bagged during the quarter.
- Rolled out India's first Smart Card based eGovernance project for Public Distribution System.
- IDC Dataquest survey ranked HCL Infosystems as No.1 in 'IT Services' in India.
- Announced the launch of 'Maza PC' in Maharashtra and a 100% computer finance scheme to facilitate computer adoption.
- Further strengthened the stack of service offerings with the addition of SI Applications, Application Services and Enterprise Business Solutions
- Inaugurated HCL Enterprise Resource Centre (ERC) in Puducherry to deliver state of the art managed services.

CONSOLIDATED RESULTS

The company has reported consolidated revenue of **Rs. 2842.5 crores** for the quarter ended March 31, 2010.



Consolidated services revenue for the quarter was **Rs. 176.5 crores**.

Consolidated profit before tax for the quarter was **Rs. 89.3 crores**.

Consolidated profit after tax for the quarter was **Rs. 60.1 crores**.

Earnings per share:

Basic EPS for the quarter ended March 31, 2010 was **Rs. 2.8 per share** of Rs. 2/- each.

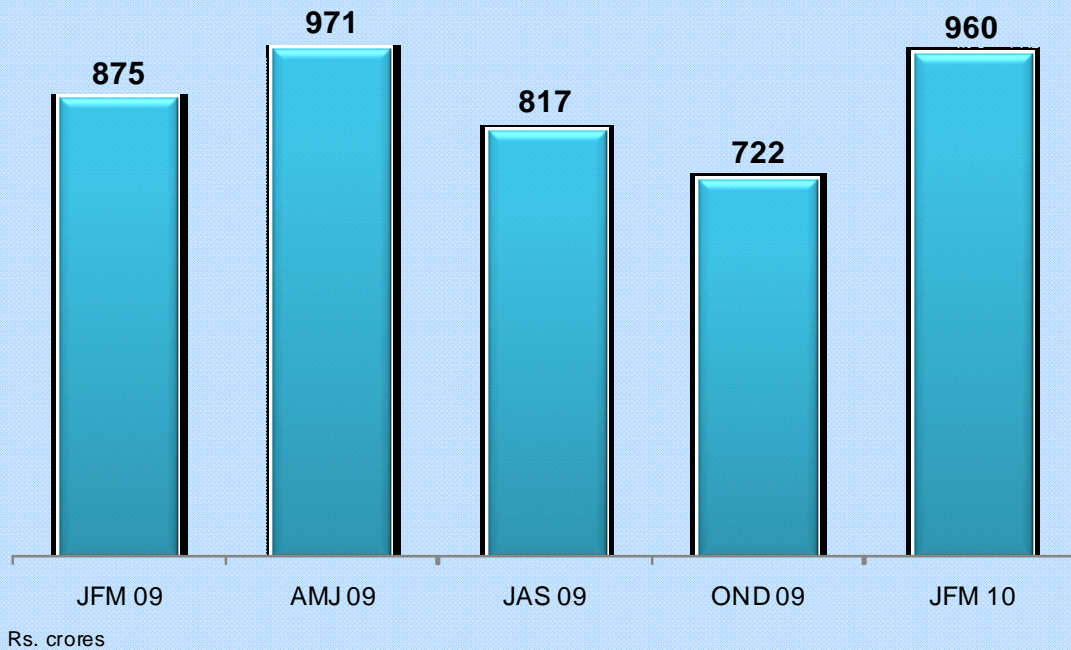
Dividend:

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

SEGMENT RESULTS

COMPUTER SYSTEMS & OTHER RELATED PRODUCTS

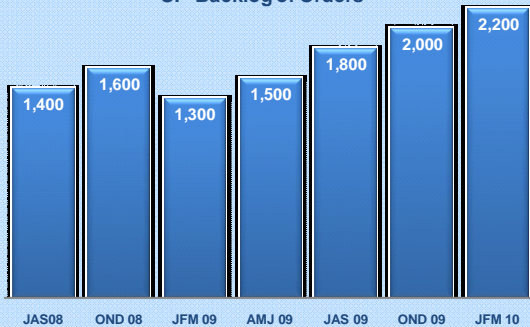
Revenue from Computer Systems business for the quarter was **Rs. 960.4 crores**, a growth of **33%** sequentially.



Profit before interest & taxes for Computer Systems business for the quarter was **Rs. 52.9 crores**, a growth of **89%** sequentially.

SYSTEMS INTEGRATION & SERVICES

SI - Backlog of Orders



With a proven track record of delivering large projects, this quarter too, HCL Infosystems' growing standings in the System Integration sector was backed by a host of project wins across verticals.

Keeping its commitment to deploy integrated technology frameworks to deliver nation building projects, the **telecom vertical** this quarter bagged prestigious project from a leading telecom organization to rollout a state of the art high-speed communications network.

SEGMENT RESULTS

COMPUTER SYSTEMS & OTHER RELATED PRODUCTS

The **eGovernance SI vertical** won and implemented prestigious contracts. Amongst them is a contract to implement & maintain the complete set-up by Sangli Miraj Kupwad Municipal Corporation (SMKMC) in Maharashtra. HCL will provide the required technical infrastructure including all hardware, software and requisite technical skill set. The employees will also get training to use the new system.

In another eGovernance win, HCL bagged an order from a state governance body to implement a unique citizen centric eGovernance project to spread across 14 districts of the state. The scope of the project includes revamping existing IT hardware and maintain applications for the citizen centric services that will enable people to avail services such as collection and payment of bills for power, telephone etc.

HCL Infosystems bagged an order to implement India's first smart card based solutions for Public distribution system in a union territory of India. The project will see distribution of smart cards among the families living below poverty line in the region. These smart cards will capture all biometric, tax, demographic and personal information details, enabling authorities to ensure proper distribution of food rationing and other benefits. This first of its kind deployment resonates well with the Government's national initiative 'Aadhar' (UID project) and reinforces the company's expertise in the space.

In the **Infrastructure SI vertical**, HCL Infosystems won an order to install automatic fare collection system for upcoming metro rail projects in the country. HCL Infosystems rolled out a prestigious project of deploying Airport Operations Control Center (AOCC) for one of the busiest international airports of the country. The company also deployed Advanced Visualization (Virtual Reality) Center for one of the leading Atomic research centers of the country.

The transformation journey has led to a rapid shift and the company is continuously expanding to build more expertise, with the introduction of various services, products and new practice areas. A few initiatives include the addition of SI Applications, Application Services and Enterprise Business Solutions, to further strengthen and consolidate the stack of service offerings. With a focus on new product development the company also worked on IP creation for over 30 products in the segment. The company has inducted highly experienced professionals to lead each of these service initiatives.

The company aims to offer a full lifecycle of on-site and remote services which help customers plan, design, implement and manage their applications and IT infrastructure.

- The company has a 300+ seater Software Development Centre "Centre of Excellence" in Jaipur, which has been expanded to offer designing & developing customized software solutions for the Banking, Financial Services and Insurance (BFSI) Segment.
- The company is setting up its own software development centre at the Mohali (Punjab) IT Park which is expected to be operational by September 2010.
- HCL Infosystems Ltd has acquired 25 acres of land in Greater Noida for setting up IT Services Hub.
- Additionally, HCL Enterprise Resource Centre (ERC), a facility has been inaugurated in Puducherry to facilitate a state of the art Remote Infrastructure Management (RIM) services.

SEGMENT RESULTS

COMPUTER SYSTEMS & OTHER RELATED PRODUCTS

To accelerate growth, HCL Infosystems has also identified inorganic growth strategy to move up the value chain, expand to newer geographies, add new technology skill-sets, target new customer segments and expand global delivery footprint and has set up an experienced M&A team, which is actively considering various proposals for M&As as a part of this strategy.

HCL Infosystems this quarter bagged strategic outsourcing deals including one from a leading auto ancillary manufacturer, where HCL Infosystems will undertake deployment of IS function including the business intelligence solutions, business continuity solutions and full life cycle management of IT systems.

Strengthening its managed services infrastructure, the company inaugurated HCL Enterprise Resource Centre (ERC) in Puducherry to deliver state of the art Managed Service. HCL ERC facilitates Remote Infrastructure Management (RIM) that uses various remote support & management tools to virtually allow ERC to control & manage customer's entire IT operations remotely.

HCL Infosystems' leadership in IT services was highlighted in an IDC Dataquest survey which **ranked HCL as No.1 in 'IT Services' in India 2009**. The independent survey by the leading research firm IDC ranked HCL at the top spot for the second consecutive year. The company this quarter was also awarded with the Dun & Bradstreet Rolta Corporate Award 2009 in 'Computer hardware and peripherals' category.

Enterprise Products

HCL Infosystems bagged orders to deploy desktops from the leading names across industry verticals including education and BFSI sectors. The company won orders from leading banks for deployment of its server range. HCL Infosystems also received orders from the banking sector for its new laptop range. The quarter also saw wins in High Performance Computing (HPC) space as the company bagged orders from leading education and research institutions of the country.

Committed to introducing path breaking products, HCL Infosystems launched a host of products and solutions ranging from sleek netbooks to latest in server technology. HCL Launched products based on latest Intel Architectures such as Nehalem, Callpela and Atom Pinetrail for its servers, desktops, notebook and netbook range respectively. HCL introduced four new laptops this quarter. The range included **HCL ME Laptop 44**, targeted towards first time laptop users, **HCL ME Laptop 54** based on the latest Intel Calpela platform and **HCL ME Laptop 63**, the advance and sleek looking 'Thin n light' notebook. In the netbook segment, HCL introduced **HCL ME Netbook 07** with the latest Intel Pinetrail atom processor.

SEGMENT RESULTS

COMPUTER SYSTEMS & OTHER RELATED PRODUCTS

In desktops, HCL introduced new products based on latest Intel Pinetrail platform. HCL also introduced HCL AMD Desktop with DDR3 memory support based on Nvidia chipset – IOK 5075 for the entry level and AMD 785G Chipset – IOK 6050 for enhanced performance. Desktop series based on AMD Athlon II processors in X3(Triple Core) & X4(Quad Core) category was also launched.

Leading from the front, the company introduced a new range of path breaking environment friendly computing products, with the launch of India's first PVC and BFR free HCL ME Series 40 Notebook. The eco-friendly ME notebook has been designed and manufactured with materials completely free of harmful chemicals like Polyvinyl Chloride(PVC), a hazardous toxin, absence of which makes recycling of electronic products safer & environment friendly.

Apart from this, HCL Infosystems also unveiled notebook range with BFR-free feature on the occasion of Earth Hour 2010. The eco-friendly ME notebook has been designed and manufactured with BFR components used in concentrations of less than 0.1%, thus making the product 100% recyclable and environment friendly.

Consumer Products

During the quarter, HCL Infosystems announced the return of Beanstalk, its most popular desktop range to cater to the growing demand for cutting-edge technology on the home computing front. With power-packed features and advanced technologies, the all new HCL Beanstalk range offers the ultimate convenience of productivity, connectivity and an incredible new entertainment experience. HCL Beanstalk was India's first Home Multimedia PC launched by HCL Infosystems in 1995 with a view to address the fast emerging home computing market.

HCL Infosystems also launched a successful Channel Loyalty Program "Speedmasters". The program was launched with an objective of providing sustainable growth opportunities to the channel partners. The program elicited positive and very encouraging response from the channel community.

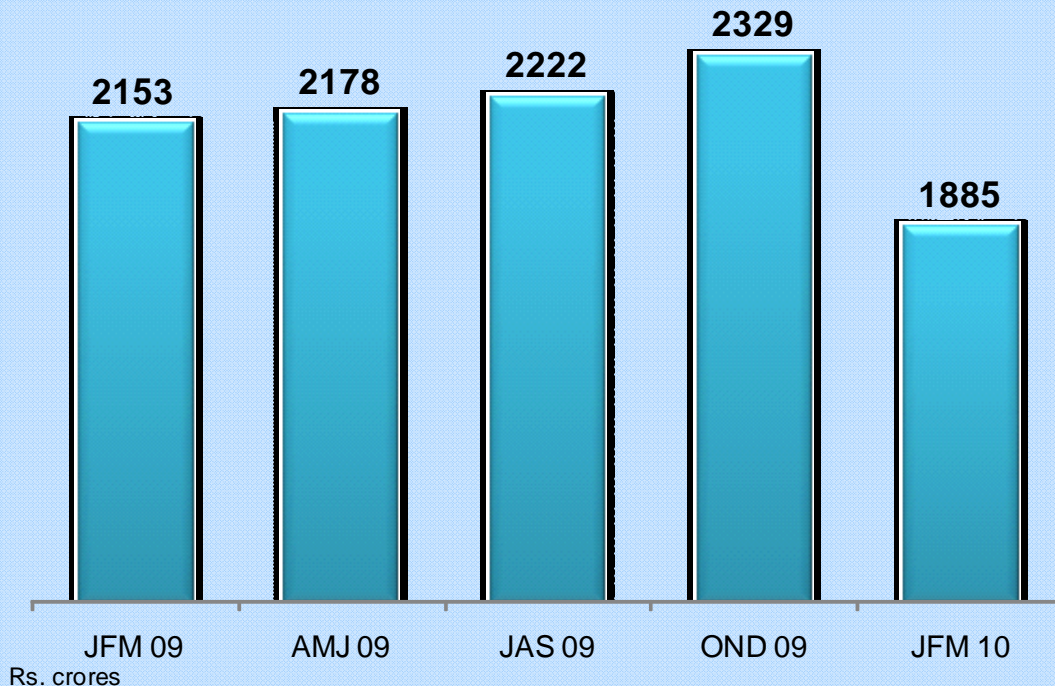
Under the efforts to facilitate computer penetration in the country, HCL Infosystems this quarter launched 'Maza PC' in Maharashtra. HCL in association with Maharashtra State Co-operative Bank's Association (MSCBA) will facilitate purchase of PC across the state of Maharashtra. Any Institution, SMB, Students, Farmer, entrepreneurs or individual can avail Interest free loan from MSCBA member banks for purchase of PC & Laptops.

The company also announced signing of a strategic business partnership with Central Bank of India for enabling consumer finance for purchase of computing devices and accessories under the 'cent computer loan' scheme. The scheme has been extended to students, salaried persons and professionals with low interest rates and no processing charges.

SEGMENT RESULTS

TELECOMMUNICATION & OFFICE AUTOMATION

Revenue from Telecommunication and Office Automation business for the quarter was **Rs. 1884.7 crores.**



Profit before interest & taxes for Telecommunication and Office Automation business for the quarter was **Rs. 53.5 crores.**

In the **Distribution business**, Nokia product portfolio was further strengthened by the launch of new handset models across categories. New launches of handsets ranging from entry level models 2220 & 2730 to high end 'touch enabled' phones helped in consolidating overall product offerings. Also, promotional campaigns and trade specific schemes for the channel community were well received. The digital entertainment business continued to clock growth this quarter with HCL Infosystems maintaining its leadership in ICT distribution.

HCL Infosystems **Office Automation business** registered growth. HCL Infosystems won orders for deploying voice solutions from Corporate, Railways and Defense establishments. The company also bagged prestigious order for its video solutions from a leading infrastructure multi-national company to deploy tele-presence solutions. The company also bagged projects and repeat orders for nationwide rollout of video conferencing solutions from leading names in BFSI, education and oil & natural gas sectors. In Audio Visual System Integration Space, HCL received major orders from BFSI, Hospitality, Airport, publication house and state high court to deploy Audio Video solutions.

EDUCATION & TRAINING

HCL's training initiatives have grown its presence over the last quarter taking ICT education to the various corners of India. This quarter saw launch of HCL Certified Enterprise Engineer (HCE+) program, a unique module on hardware and training designed especially for students undergoing graduation. This quarter HCL CDC also announced internship program 'iteEDGE' in association with BSNL. The program offers practical learning with hands on training for the students to have a holistic learning approach.

Among the various contracts to provide IT training to corporates, HCL CDC bagged a project to provide IT training to the executives of a leading state corporation. To be completed in two phases, the training program is designed to cover modules on hardware, networking and office automation. In another project, from a city municipal corporation, HCL CDC will train students from underprivileged sections of the society covering training on hardware and networking technology. HCL CDC also completed successful imparting of IT training with leading IT companies, Department of post and Railways.

'DigiSchool', a state-of-the-art digital school solution by HCL Infosystems also gained momentum with over 20 orders from schools across the country. Designed for Indian schools to offer modern multimedia classroom with world class content as per Indian school curriculum including all K12 boards, DigiSchool is all set to revolutionise the classroom learning.

HCL SECURITY

The recently set up 100% subsidiary of HCL Infosystems Ltd, HCL Security registered growth and won contracts to deploy state of the art surveillance systems from leading research institutions, hotels, university and banks. HCL Security also deployed state of the art Command and control centre powered by an in-house developed software product 'Horizon' to monitor and provide security & surveillance assistance at the recently concluded 'Kumbh' in Haridwar. Apart from this, HCL Infosystems also bagged order from a state police department to set up response centre across six cities within the state.

EMPLOYEE MATRIX

This quarter, HCL Infosystems continued its focus on strong people management initiatives. The total employee strength was over 6,500 people as on 31st March 2010. With a special focus on skill enhancement, the quarter saw a good mix of initiatives taken for employee skill development across the organization.

ENVIRONMENT INITIATIVES

HCL Infosystems participated in the 'Earth Hour 2010', a global initiative to bring attention to 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 also 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 into India.

CONSOLIDATED PROFITABILITY

CONSOLIDATED PROFIT & LOSS ACCOUNT		Unaudited		Unaudited		Audited
		Q3 FY 10	Q3 FY 09	9M FY 10	9M FY 09	FY 09
		Rs crores				
	Gross Sales / Income from Operations	2,842.5	3,018.2	8,924.2	9,245.6	12378.5
	Less: Excise Duty	28.0	27.6	79.3	99.5	126.1
1a.	Net Sales / Income from Operations	2,814.5	2,990.6	8,845.0	9,146.1	12252.4
1b.	Other Operating Income #	16.4	(0.1)	30.7	(16.1)	(4.6)
2	Expenditure					
	(Increase) / Decrease in Stock in Trade and Work in Progress	99.5	(127.9)	155.1	(188.3)	(18.6)
a)	Consumption of Raw Materials	564.5	450.8	1,293.2	1,413.8	1860.3
c)	Purchase of Traded Goods	1,751.6	2,266.7	6,280.6	6,801.8	8928.4
d)	Purchase of Services	72.7	81.6	203.0	187.9	256.4
e)	Stores & Spares consumed and Others	51.4	43.5	124.1	108.0	136.5
f)	Employees Cost	97.4	88.2	281.6	255.7	338.2
g)	Administration, Selling, Repairs & Others	96.4	83.3	261.2	246.6	344.8
h)	Depreciation	5.6	5.6	18.3	15.3	21.3
	Total Expenditure	2,739.1	2,891.9	8,617.0	8,840.8	11867.2
3	Profit from Operations before Other Income & Interest (1-2)	91.8	98.6	258.7	289.2	380.5
4	Other Income	6.7	3.0	18.8	11.9	15.4
5.	Profit before Interest (3+4)	98.5	101.7	277.5	301.1	396.0
6.	Interest Expense	9.1	12.2	27.2	34.6	44.7
7.	Profit (+) / Loss (-) from ordinary activities before Tax (5-6)	89.3	89.5	250.3	266.5	351.3
8.	Tax Expense	29.3	31.3	75.1	87.0	111.4
9.	Net Profit (+) / Loss (-) from ordinary activities after Tax (7-8)	60.1	58.2	175.1	179.5	239.9
10.	Extraordinary items (net of tax expense Rs Nil)	-	-	-	-	-
11.	Net Profit(+) / Loss (-) for the period (8-9)	60.1	58.2	175.1	179.5	239.9
12	Basic EPS (Not annualised) Rs/share	2.8	3.4	8.8	10.5	14.0
	Other Operating Income includes Exchange Fluctuation Gain/(Loss) (Net)	12.3	(7.1)	17.1	(33.2)	(26.4)

KEY RATIOS

Key Ratios	Q3 FY 10	Q2 FY 10
Return on Capital Employed %	16%	15%
Return on Net Worth %	12%	12%
Debt / Debt+Equity	0.20	0.17
Debtors Collection period (days) {annualised}	56	48
Inventory turnover (annualised)	15	14
Current ratio	1.8	1.6

Q2 and Q3 FY10 ratios have been calculated on enhanced capital base.

CONSOLIDATED SEGMENT

						Rs crores
	Particulars	Unaudited		Unaudited		Audited
		Q3 FY 10	Q3 FY 09	9M FY 10	9M FY 09	FY 09
1.	Segment Revenue					
a)	Products and Related Services					
	- Computer Systems & Other Related Products and Services (Gross)	960.4	874.9	2,499.6	2,569.0	3,540.0
	Less: Excise Duty	28.0	27.6	79.3	99.5	126.1
	- Computer Systems & Other Related Products and Services (Net)	932.4	847.3	2,420.3	2,469.5	3,413.9
	- Telecommunication & Office Automation (Net)	1,884.7	2,152.6	6,435.1	6,696.6	8,874.5
b)	Internet & Related Services	17.7	12.8	59.1	32.0	46.1
	Total	2,834.8	3,012.7	8,914.5	9,198.1	12,334.5
	Less: Intersegment revenue	20.3	22.1	69.6	52.0	82.1
	Net Sales / Income from Operations	2,814.5	2,990.6	8,845.0	9,146.1	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	52.9	40.8	129.2	125.0	177.3
	- Telecommunication & Office Automation	53.5	68.2	166.1	191.9	246.2
b)	Internet & Related Services	(3.4)	(5.5)	(7.6)	(9.2)	(17.8)
	Total	103.0	103.5	287.6	307.6	405.7
	Less:					
i)	Interest Expense	9.1	12.2	27.2	34.6	44.7
ii)	Other un-allocable expenditure net off	11.3	4.8	29.0	18.4	25.1
iii)	Un-allocable income	6.7	3.0	18.8	11.9	15.4
	Total Profit before Tax	89.3	89.5	250.3	266.5	351.3
3.	Capital Employed (Segment Assets - Segment Liabilities)					
a)	Products and Related Services					
	- Computer Systems & Other Related Products and Services			1182.3	957.5	875.6
	- Telecommunication & Office Automation			297.8	256.8	187.5
b)	Internet & Related Services			(5.6)	(3.0)	(8.8)
c)	Unallocated					
	- Liquid Assets			793.2	136.9	268.5
	- Others Unallocated			143.1	19.9	25.9
	Total Capital Employed			2410.8	1368.1	1,348.8

CONSOLIDATED BALANCE SHEET

Particulars	Rs crores	
	Unaudited 31.03.10	Unaudited 31.12.09
Net Worth	1927.4	1918.2
Loans	483.4	385.4
Deferred Tax Liability (Net)	(11.8)	(6.6)
Net Fixed Assets	277.4	269.9
Investments and Cash & Bank Balances	995.7	1038.9
Inventory	751.4	878.4
Sundry Debtors	1756.0	1603.6
Other Current Assets	389.2	349.9
Current Liabilities & Provisions	(1770.6)	(1843.7)
Total Capital Employed	2399.0	2297.0

ABOUT HCL INFOSYSTEMS

HCL Infosystems Ltd, with revenue (LTM) of US \$ 2.5 billion (Rs. 12,057 crores) is India's premier information enabling and ICT System 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 organization.

India's leading System Integration and Infrastructure Management Services Organization, HCL has specialized expertise across verticals including Telecom, BFSI, E-Governance & 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 will safe guard life, infrastructure & society. For more information please visit us at www.hclinfosystems.in

12

ABOUT HCL ENTERPRISE

HCL is a \$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 64,000 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