

# HCL INFOSYSTEMS LIMITED

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

## Unaudited Financial Results for the Quarter ended December 31, 2005

Rs crores

Particulars	Consolidated			Standalone						
	Unaudited Three months ended December 31, 2005	Unaudited Six months ended December 31, 2005	Audited Year ended June 30, 2005	Unaudited Three months ended December 31, 2005	Unaudited Six months ended December 31, 2005	Audited Year ended June 30, 2005				
1a Gross Sales / Income from Operations	2806.54	1994.82	5091.06	3574.32	7783.61	556.48	502.15	1043.16	896.88	1967.38
1b. Less: Excise Duty	6.38	8.96	12.81	23.13	39.28	6.38	8.96	12.81	23.13	39.28
1. Net Sales / Income from Operations	2800.16	1985.86	5078.25	3551.19	7744.33	550.10	493.19	1030.35	873.75	1928.10
2. Total Expenditure										
a) (Increase)/Decrease in Stock in Trade	80.00	-66.82	-82.81	-100.90	-47.34	-7.70	-26.66	-49.87	-52.28	-6.52
b) Cost of Sales (Net)	2536.21	1902.84	4813.46	3381.01	7188.27	475.73	440.49	915.46	780.79	1603.03
c) Staff Cost	41.94	34.46	82.60	67.02	146.58	29.27	24.83	58.06	48.75	102.97
d) Administration, Selling, Repairs & Others	49.85	45.47	97.46	83.57	188.41	21.31	24.87	46.67	45.23	103.75
3 Depreciation	3.09	3.63	7.08	7.14	15.24	1.65	1.65	3.34	3.15	6.51
4 Operating Profit (1-2-3)	89.07	66.28	160.46	113.35	253.17	29.84	28.01	56.69	48.11	118.36
5. Exchange Fluctuation Gain/(Loss) (Net)	-6.62	10.55	-8.40	11.91	14.50	-5.70	10.13	-7.16	11.53	12.27
6. Other Income	6.11	4.68	17.58	11.84	25.42	2.41	3.67	10.58	10.13	19.21
7. Interest (Net)	0.52	-0.14	-0.42	0.08	-2.92	1.10	0.79	1.16	1.90	0.96
8. Profit before Tax (4+5+6-7)	88.04	81.65	170.06	137.02	296.01	25.45	41.02	58.95	67.87	148.88
9. Tax Expense										
- Current	23.19	18.18	42.24	30.97	65.11	2.14	3.22	4.54	5.32	11.88
- Deferred	0.20	3.37	0.26	2.79	2.36	0.63	3.68	1.47	3.52	3.74
- Fringe Benefit	0.88		1.67		0.84	0.59		1.10		0.49
10. Net Profit after Tax (PAT) (8-9)	63.77	60.10	125.89	103.26	227.70	22.09	34.12	51.84	59.03	132.77
11. Paid-up Equity Share Capital (Face value per share in Rs. 2/-)	33.58	33.14	33.58	33.14	33.44	33.58	33.14	33.58	33.14	33.44
12. Reserves excluding Revaluation Reserves of the previous accounting year					518.10					398.90
13. EPS (Not annualised) Rs/share										
- Basic	3.79	3.64	7.50	6.26	13.74	1.31	2.06	3.09	3.58	8.01
- Diluted	3.26	3.42	6.57	5.88	12.88	1.13	1.94	2.70	3.36	7.51
14. Aggregate of Non - Promoters Shareholding										
- Number of Shares								71683313	12445536	64975660
- Percentage of Shareholding								42.70	37.56	38.87
- Face value per share								2.00	10.00	2.00

### Consolidated Segment-wise Information

Rs crores

Particulars	Unaudited Three months ended December 31, 2005		Unaudited Six months ended December 31, 2005		Audited Year ended June 30, 2005
	<b>1. Segment Revenue</b>				
a) Products and Related Services					
- Computer Systems & Other Related Products (Gross)	556.48	502.15	1043.16	896.88	1967.38
Less: Excise Duty	6.38	8.96	12.81	23.13	39.28
- Computer Systems & Other Related Products (Net)	550.10	493.19	1030.35	873.75	1928.10
- Office Automation & Telecommunication	2243.68	1482.56	4034.90	2657.24	5779.30
b) Internet & Related Services	9.63	11.71	19.30	23.65	43.23
Total	2803.41	1987.46	5084.55	3554.64	7750.63
Less : Intersegment revenue	3.25	1.60	6.30	3.45	6.30
<b>Net Sales / Income from Operations</b>	<b>2800.16</b>	<b>1985.86</b>	<b>5078.25</b>	<b>3551.19</b>	<b>7744.33</b>
<b>2. Segment Results (Profit(+)/ Loss(-) before Tax and Interest from each segment)</b>					
a) Products and Related Services					
- Computer Systems & Other Related Products	25.75	39.22	53.13	62.79	137.82
- Office Automation & Telecommunication	61.69	38.80	109.47	66.06	146.28
b) Internet & Related Services	0.50	0.68	0.76	1.69	1.56
Total	87.94	78.70	163.36	130.54	285.66
Less :					
i) Interest (Net)	0.52	-0.14	-0.42	0.08	-2.92
ii) Other un-allocable expenditure net of un-allocable income	-0.62	-2.81	-6.28	-6.56	-7.43
<b>Total Profit before Tax</b>	<b>88.04</b>	<b>81.65</b>	<b>170.06</b>	<b>137.02</b>	<b>296.01</b>
<b>3. Capital Employed (Segment Assets - Segment Liabilities)</b>					
a) Products and Related Services					
- Computer Systems & Other Related Products			366.83	314.90	358.60
- Office Automation & Telecommunication			30.80	61.15	56.12
b) Internet & Related Services			5.71	13.26	9.65
c) Unallocated					
- Liquid Assets			341.78	163.59	253.01
- Others unallocated			-23.05	-27.04	-41.52
<b>Total Capital Employed</b>			<b>722.07</b>	<b>525.86</b>	<b>635.86</b>

#### Notes:

- The above results have been taken on record at the meeting of the Board of Directors of the Company held on January 24, 2006.
- The Board of Directors at the above meeting has declared second interim (quarterly) dividend of Rs 2/- per fully paid up equity share of Rs 2/- each for the Financial Year 2005-06. The "Record Date" for payment of the dividend will be Tuesday, January 31, 2006. The aggregate of interim (quarterly) dividends paid represents 200% for the half year.
- In view of the sharp volatility in Rupee during the quarter, realised/unrealised exchange fluctuation differences accounted in accordance with AS 11, are disclosed separately.
- Two investor complaints were received and resolved during the quarter ended December 31, 2005. No investor complaints were pending at the beginning and at the end of the quarter.
- During the quarter ended December 31, 2005, 285465 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 Schemes. 715485 Equity shares have been allotted under stock options during the half year 2005 -06.
- The auditors of the Company have carried out a ' Limited Review ' of the standalone unaudited financial results for the quarter ended December 31, 2005 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., a subsidiary acquired by HCL Infinet Ltd during the quarter ended December 31, 2005.
- As approved by the Board of Directors at their meeting held on October 19, 2005, the Company is in the process of merging the Office Automation and Telecommunication segment of the subsidiary, HCL Infinet Ltd., with the Company with effect from April 1, 2006 through a Scheme of Arrangement, subject to the requisite approvals and sanction by the Hon'ble High Court of Delhi.
- 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 : January 24, 2006

AJAI CHOWDHRY  
Chairman & Chief Executive Officer