HCL Infosystems Ltd

Annual Results FY 2009- 10

Press Release

Noida, NCR, India, August 27, 2010

HCL Infosystems reported consolidated revenue for the quarter at Rs. 3234 crores (USD 699 Mn) and for the year at Rs. 12159 crores (USD 2628 Mn).

Profit Before Tax reported for the quarter at Rs. 96 crores (USD 21 Mn) and for the year at Rs. 346 crores (USD 75 Mn).

Board of Directors has recommended a final dividend of Rs. 2 per fully paid up share, taking the total dividend for the year 2009-10 to 375%.

The company had cumulative Systems Integration order book position of over Rs. 2000 crores as at 30th June, 2010.

Highlights: FY 2009-10

- Overseas expansion through inorganic growth
- Bagged India's 1st RAPDRP order of over Rs 500 cr to implement a state wide power solution in Rajasthan
- Won project worth Rs.100cr from Delhi Government to roll out country's first Government Radio Network
- Awarded a project to implement India's 1st smart card based Public Distribution System in Chandigarh
- Project awarded for digitising data from Census of India for the year 2010 –11
- Won a contract of over Rs 100 cr, from Gujarat Government to deploy IT educational solutions for the development of the tribal districts schools in the state of Gujarat
- Forays into the gaming market with its range of handheld gaming consoles
- Launches HCL O'zone, an end-to-end cloud based computing infrastructure
- Announced the return of Beanstalk 'Desktop Computing 2.0', one of the most popular desktop range
- Rolled out new marketing initiative 'Mobile Excitement', a multi dimension initiative with more focused marketing strategy towards today's youth
- Further strengthened the distribution portfolio with the addition of leading brands
- IDC Dataquest survey ranked HCL Infosystems as No.1 in 'IT Services' in India
- Revisited the company's vision and mission statements, reinforcing commitment to sustainability

Results Highlights

The company has reported quarterly consolidated revenue of Rs. 3234.4 crores (USD 699.2 Mn), taking consolidated revenues to Rs. 12158.6 crores (USD 2628.3 Mn) for the year ended June 30, 2010.

Consolidated services revenue during the quarter was Rs. 223.6 crores (USD 48.3 Mn), taking the consolidated services revenue for the year to Rs. 722.2 crores (USD 156.1 Mn), a growth of 11%.

Consolidated profit before tax during the quarter was Rs. 96.2 crores (USD 20.8 Mn), taking the consolidated profit before tax for the year to Rs. 346.5 crores (USD 74.9 Mn).

Consolidated profit after tax during the quarter was Rs. 67.2 crores (USD 14.5 Mn), taking the consolidated profit after tax for the year to Rs. 242.4 crores (USD 52.4 Mn).

Revenue from Computer Systems business during the quarter was Rs. 1143.2 crores (USD 247.1 Mn), a Y-o-Y growth of 18%, taking the revenues for the year to Rs. 3642.8 crores (USD 787.5 Mn).

Profit before interest & taxes for Computer Systems business during the quarter was Rs. 61.2 crores (USD 13.2 Mn), a Y-o-Y growth of 17%, taking the PBIT for the year to Rs. 190.4 crores (USD 41.2 Mn).

Revenue from Telecommunication & Office Automation business during the quarter was Rs. 2093.9 crores (USD 452.6 Mn), a sequential growth of 11%, taking the revenues for the year to Rs. 8529.0 crores (USD 1843.7 Mn).

Profit before interest & taxes for Telecommunication & Office Automation business was Rs. 49.9 crores (USD 10.8 Mn), taking the PBIT for the year to Rs. 215.9 crores (USD 46.7 Mn).

Consolidated EPS for the year ended 30th June 2010 was Rs. 11.9 per share.

Board of Directors has recommended a final dividend of Rs. 2 per fully paid up share, taking the total dividend for the year 2009-10 to 375%.

Conversion Rate 1 USD = Rs. 46.26

Overview

Commenting on the business results, **Mr. Ajai Chowdhry, Chairman & CEO, HCL Infosystems Limited** said, *"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 customised System Integration ICT solutions. A range of projects of national importance were picked up, starting from digitising data for Census of India, deployment of India's largest AOCC at T3, Delhi International Airport, to projects that involve the revamping of the country's Public Distribution Systems based on UIDAI defined Aadhar guidelines. Today I am confident, with us sustaining our leadership position as the largest India facing ICT Company, HCL Infosystems is equipped to further expand its system integration expertise across verticals and even replicate similar ICT growth stories in various other developing geographies. HCL Infosystems is committed to invest in tomorrow, for enriching lives and enabling sustainable business transformation and also maintain its position as the preferred choice amongst both employees and customers."*

Over the year, the company's continual transformation has led to the introduction of various solutions and services in the System Integration (SI) Applications, Application Services and Enterprise Business Solutions space. With expansion as a clear focus the company has also been aggressively looking at augmenting services, exports and inorganic growth through possible mergers and acquisition.

With enterprises and SMBs looking at virtualisation, green IT, on-premise delivery and outsourcing services, HCL Infosystems over the past year has been investing in services such as, Strategic Outsourcing and Cloud computing. The emergence of these services is expected to play an important role in reshaping the IT marketplace with creation of new opportunities for suppliers and catalysing changes in the traditional IT offerings. HCL Infosystems recently also introduced the HCL O'zone – an end-to-end cloud based computing infrastructure.

System Integration (SI) & Services

HCL Infosystems, with its System Integration offerings has been rapidly evolving with the introduction of various services, products and new practice areas. The company supplemented System Integration growth with **IP creation for over 30 products** for businesses across industry verticals. The addition of SI Applications, Application Services and Enterprise Business Solutions practices further played a role in consolidating the stack of service offerings.

As a part of strengthening its managed services infrastructure, the company inaugurated HCL Enterprise Resource Centre (ERC) in Puducherry to deliver enhanced Managed Services. The HCL ERC will be facilitating Remote Infrastructure Management (RIM) to control & manage customer's entire IT operations remotely.

Leading the way - As part of the HCL Infosystems strategy of offering a single window to the enterprise customer for their ICT infrastructure and solution needs, the company focused at solutions led expansion into different verticals with wins in eGovernance, Railways, Power, Telecom, BFSI, Security and Infrastructure verticals.

During the year the company looked at augmenting services, exports and inorganic growth through possible mergers and acquisitions to expand its expertise in this space. HCL Infosystems during the year strengthened its global presence with the addition of emerging markets like Middle East, Africa and South East Asia. The company also completed **the acquisition of the Dubai-based NTS Group**. The acquisition will see NTS's customer relationships across the Middle East get access to the HCL Infosystems three decades of expertise in the ICT domain. The completion of this acquisition represents a significant step in HCL Infosystems transformation strategy to accelerate growth in targeted international markets, offering a complete set of products, service and solutions.

Highlighting HCL Infosystems leadership in 'IT services', HCL Infosystems garnered the spotlight for the second consecutive year, **top ranking in the annual IDC-Dataquest 2010 Customer Satisfaction Survey,** competing with leading Indian and global companies in the country. The independent survey is conducted by the leading research firm **IDC.**

Good governance through e-Governance: During the year, the e-Governance System Integration vertical won contracts across the country, with some of the key wins including - project to implement **India's first smart card based solutions for Public Distribution System** in Chandigarh. The project will see distribution of smart cards among the families living below poverty line in the region. These smart cards capturing all biometric, tax, demographic and personal information details will be enabling authorities to ensure proper distribution of food rationing and other benefits. This first of its kind deployment resonates with the Government's national initiative 'Aadhar' (UID project) and only reinforces the company's India understanding and ability to collaborate with developed customised solutions in the space.

Another key win was the project from Uttar Pradesh (UP) State Government, involving facilitation of disbursement of wages to workers under the NREGA project. HCL Infosystems partnered with the State Government of UP to develop an electronic monitoring and payment system. Apart of this the company also bagged an order to implement, maintain and run a complete citizen centric ICT solution for the Sangli Miraj Kupwad Municipal Corporation (SMKMC) in Maharashtra.

With the world's biggest Census operation underway in the country, the company was awarded with the task to digitise the data generated from **Census of India project for the year 2010 –11**. **The Ministry of Home Affairs, Government of India** mandated the company to take on this epic task of digitising data collected across the country including maintenance, indexing, scanning and storage at a central repository, extracted from approximately 55cr survey forms and 110cr images.

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

Empowering the power sector - This year HCL Infosystems bagged India's first project of its kind involving implementation of a state wide solution involving integration of IT, GIS, AMR & the associated technologies to **facilitate implementation of power reforms by the Ministry of Power under Re-structured Accelerated Power Development and Reform Program (RAPDRP)**.

Securing lives - Homeland Security, HCL Security Ltd, a 100% subsidiary of HCL Infosystems Ltd, registered growth with project wins to deploy progressive surveillance systems for leading research institutions, hotels, university and banks. For the first time in the Indo-US history, HCL Security signed a MoU with CISCO for collaboration on Homeland security. This happened during the Prime Minister visit to the United States of America. This collaboration is set to deliver IP-based safety and security solutions to help enable safer and more secure communities, combining the strengths of Cisco's Smart+Connected Communities leadership with **HCL Security's '*Safe State*' architecture** to deliver safety and security solutions in the India and other countries too. HCL Security also jointly with CII, presented the Ministry of Home Affairs, Government of India with a strategic framework termed 'Safe City', as the country sets the stage for increased investment in security.

During the year HCL Security also deployed a high-tech Command and Control centre powered by an in-house developed software ***'Horizon'*** to monitor and provide security & surveillance assistance at the ***'Kumbh'*** **mela in Haridwar**.

Apart from this, HCL Infosystems was also mandated by a state police department to set up a response centre across six cities within the state. The company also bagged orders for installing Wireless IP Surveillance Solutions at one of the leading ports of the country and for installation of a Perimeter Intrusion Detection Systems at a central research institute.

In the Homeland Security System integration space this year, HCL Infosystems was also awarded a project by the Delhi Government to establish country's first exclusive Government Radio Network (GRN). This TETRA based (Terrestrial Trunked Radio) communication network roll out will facilitate swift and secure communication among various Government agencies like the Delhi Police, Fire Services, Hospitals, Public Works Department and the Delhi Transport Corporation during the Commonwealth Games and beyond.

Shaping infrastructure framework - In the System Integration Infrastructure vertical HCL Infosystems won a contract to install automatic fare collection system for the upcoming metro rail projects in the country. The company was also awarded a project to deploy the **Airport Operation Control Centre (AOCC) for daily airport management system at the New Terminal (T3) at Delhi International Airport**. The project will integrate 19 IT systems to manage the terminal with capability to view and monitor overall operations of Airport for real time inputs and collaborative operations. The company, this quarter, also deployed Advanced Visualisation (Virtual Reality) Center for one of the leading critical infrastructures of the country. The company will also be setting up a **state-of-the-art Integrated Command Control Coordination Centre for Delhi Police** integrating DIAL 100, TETRA radio devices, integrated traffic vehicles, PCR vans, police video monitoring vehicles and camera feeds at central locations in Delhi.

The System Integration Telecom Vertical this year bagged a prestigious project from a leading telecom company to rollout a robust communications network.

Among the key wins in Retail, the company took on a major contract to deploy retail solutions for a leading hospitality chain of the country, Milk Unions & Private Dairies across Maharashtra. In the BFSI space this year, one of the leading financial & banking institutions of the country placed its faith in HCL Infosystems to deploy customised financial & banking solutions.

ICT Outsourcing Services - In the services business, HCL Infosystems this year triumphed many 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.

HCL Infosystems also bagged a strategic IT outsourcing deal from Fortis Healthcare Ltd, under which HCL Infosystems will be deploying Hospital Information Systems (HIS) & Enterprise Resource Planning (ERP) solutions to standardise operations across group hospitals. HCL Infosystems will also provide solutions to enable financial consolidation through automation of systems and deploy business intelligence & analytics solutions that would enable faster decision making and ensure optimum utilisation of resources for the healthcare major.

Enterprise Products & Services

Continuing the tradition of bringing the latest technology to the Indian market, HCL Infosystems was among the global firsts to launch Microsoft latest Operating system 'Windows 7', supported & certified products across Desktop, Notebook & Netbook product category. In the notebook segment, company also introduced 'HCL Me Laptop 43 and 53 series' with Ultra Low voltage CPU in the thin & light category and Intel Calpella platform based on Intel core i3/i5/i7 CPUs.

Committed to a sustainable future, HCL Infosystems this year joined the exclusive club of organisations across the globe committed to 'sustainability' as part of its vision statement. Leading from the front, HCL Infosystems 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.

Building a robust Office Automation (OA) channel to address the sale of Imaging and Printing products, the company added new products from partners both existing and newly signed, to consolidate its offerings in this space. The company also deployed its successful and highly effective, Dial 100 solutions for Police departments across regions. During the year, HCL Infosystems telecom products business saw momentum. This vertical won orders of deploying voice solutions from Defense & Police establishments, Railways and infrastructure companies to various Corporate.

Consumer Business

To promote PC penetration in the country through easy finance schemes, HCL Infosystems launched 'Maza PC' in Maharashtra. 'Maza' PC will involve, HCL Infosystems in association with Maharashtra State Co-operative Bank's Association (MSCBA) facilitate easy loans for purchase of PC across the state of Maharashtra. Any Institution, SMB, students, farmer, business or individual can avail this interest free loan from a MSCBA member bank to purchase PCs & Laptops.

In an another loan scheme to make access to computing easy, HCL Infosystems announced an alliance with the Central Bank of India to enable consumer finance for purchase of computing devices and accessories under the *'Cent Computer Loan'* scheme. The scheme is for students, salaried persons and professionals at low interest rates and no processing charges.

This year HCL Infosystems also rolled out its new marketing initiative 'HCL Mobile Excitement' HCL ME. The multi-dimension initiative includes a focused marketing strategy towards today's nomadic customer. The launch also included a rebranding exercise unveiling a new logo and TV commercial focused around mobility and life–on–the-go. As a part of rebranding exercise, HCL Digilife stores also underwent rebranding. The Multi category stores offering a range of ICT products including laptops, mobiles, cameras, MP3 Players and gaming consoles were branded - "ME-Zones" and the Computing Stores selling desktops, laptops and netbooks - "ME-Xclusives".

HCL Infosystems leader in the desktop business in India with its existing range of products for the enterprise segment and the consumer segment recorded positive movement. This year, HCL Infosystems announced the return of Beanstalk, one of the most popular desktop ranges ever in the country, in a more powerful avatar for high speed home computing. 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.

The company also forayed into the gaming market with the launch of a series of models developed for children of the age-group of 4 to 15 years with special gaming content, rich with unique brain-train features. This interactive gaming experience has been designed to enable affordable mass gaming, backed with interactive content to sharpen the analytical skills and intelligence quotient.

HCL Infosystems' Digital Lifestyle business added new products to its portfolio of consumer electronics and mobile accessories. Brands like Tata Photon, BENQ , Samsung etc. were the latest additions. HCL Infosystems also consolidated its position in the distribution of Nokia Cellular phones and Digital Lifestyle products. India continues to show growth in the mobile subscriber base and with expected roll out of 3G and WiMAX networks, the cellular market is set to achieve new landmarks. Nokia continues to dominate the market share in the GSM cellular phone market with its well established product line-up and strong distribution reach. New launches of handsets ranging from entry level models 2220 & 2730 to high end QWERTY keypad and 'touch enabled' phones helped further in consolidating overall product offerings.

HCL Learning

In the ICT learning domain, the year saw the launch of 'HCL DigiSchool', avant-garde solutions designed for the Indian schools that offer modern multimedia classroom with world class content. HCL Digischool solutions are designed & customised as per the Indian school curriculum including all classes (K12) and Boards. HCL CDC this year introduced HCL Certified Enterprise Engineer (HCE+) program, a unique module on hardware training designed especially for students undergoing graduation.

HCL CDC announced an alliance with CA, Inc., world's leading independent IT management software company to provide 'CA technology' training as a part of various student career development programs, enabling students develop skills for CA products. HCL Infosystems also announced signing of a strategic business partnership with SANAKO Corporation, a leading global education technology company developing language teaching solutions. With extensive joint expertise in serving the educational sector this collaboration will provide innovative and localised solutions. HCL CDC also announced internship program 'itelEDGE' in association with BSNL. The program offers practical learning with hands-on-training for the students to have a holistic learning approach.

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.

Sustainability

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 & Recognitions

The year went by saw HCL Infosystems bagging 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'

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