

Noida, NCR, India, April 28<sup>th</sup>, 2011

## HCL Infosystems gearing up for future growth opportunities

- Bagged Systems Integration Orders of over Rs. 750 crores during the quarter
- Revenue from Computer Systems business for the quarter was Rs. 898 crores (US \$199 Mn), taking the nine months revenue to Rs. 2,838 crores (US \$629 Mn), a growth of 14% YoY.
- Revenue from Telecommunication and Office Automation business for the quarter was Rs. 1,856 crores (US \$ 412 Mn), taking the nine months revenue to Rs. 6,037 crores (US \$1338 Mn).
- Board of Directors declared 100% quarterly Interim dividend. This is the 31<sup>st</sup> continuous quarter for dividends

**New Delhi, April 28, 2011** HCL Infosystems India's premier Hardware, Services and ICT Systems Integration, Hardware and Distribution Company today announced financial results for its third quarter ended March 31<sup>st</sup>, 2011.

**Mr. Ajai Chowdhry, Founder HCL and Chairman, HCL Infosystems Limited, commenting on the results said,** "HCL Infosystems has been strongly focusing on building an organisation for tomorrow. As we further strengthen our teams, expertise and consolidate, we need to prepare and build capacity to cater to the demand that the much awaited IT boom in domestic market that National initiatives like Aadhar, financial inclusion, right to quality education and rollout of broadband etc. will generate across the country. I am also enthused with the New Electronic Manufacturing Policy that is expected to be a reality soon and am hopeful that it would lead to greater thrust to R&D and investments in electronic manufacturing in India."

He added "As the IT industry touches an exciting inflection point where Broadband, Mobility, Cloud are all converging to define the future of domestic IT business and we at HCL Infosystems are committed to investing for this future."

**Mr. Harsh Chitale, Chief Executive Officer, HCL Infosystems Limited, commenting on the results said –** "During the quarter the System Integration business was adversely impacted by the delays in the decision making in various Government and Public Sector Undertaking led projects. Our distribution business also experienced a significant decline with a leading telecom brand in our portfolio recording a dip in revenues. However, our Computer Services, Office Automation and Education & Learning business continued to register a healthy growth. This quarter we also kick-started a companywide business excellence program with an objective to re-align the organisation to drive cost and working capital efficiencies and to re-position it for future growth opportunities. These programs are expected to start showing results in terms of bottom-line as well as cash flow performance over the next 12-15months"

## Snapshot of the Quarter - Key Developments, New Initiatives and Quarter Analysis

- The Computer Services business continued to grow recording positive growth of 20% YoY for the quarter ended March 2011 and 13% over the last 9 months.
- The Office automation business recorded a 7% growth YoY for the quarter ended March 2011 and over the last 9 months, a growth of 28% YoY.
- System Integration (SI) business opened the quarter with a healthy backlog and added to the same as Rs 750cr of additional orders (TCV) were booked during the quarter. However, the division recorded a sharp decline in revenue during the quarter due to the delays in conversion of backlog to revenue on account of delays in decision making in certain Government and other Public Sector Undertaking led projects in the last 3 months. Sharp decline in the revenue recognition in the high margin SI Business did suppress profits of the company for the quarter and this may continue over a few quarters
  - Company is now carrying a significant order book of long term contracts where revenue would be recognized over 5-10 years based on periodic or transaction based billing. However they will take time to reflect in the performance due to a billing gestation period spread over next 2-3 quarters.
  - During the quarter, SI Business bagged various orders from leading banks like PNB, PSB, SBI, Canara Bank etc to undertake Financial Inclusion mandates including banking for the unbanked, UIDAI enrollment across the country apart from other deployments for UIDAI
  - SI Business was awarded with prestigious orders across sectors like Indian Railways for a broadband deployment, over Rs.138cr RAPDRP project for deployment in Jharkhand, project from Indian Air Force over Rs. 300cr to deploy the Wideband CDMA based Portable Wireless Network covering many Air Force Stations across India. Under homeland security the company got projects from leading financial institutes, Airport authority, City police etc.
- Distribution Business, recorded an overall YoY dip in sales and profits on account of decline in telecom distribution business
  - HCL Infosystems' completed in Feb, acquisition of 20% equity stake and management control in Dubai based Techmart Telecom Distribution FZCO. This investment contributed to Rs 61cr of sales and 1.2cr of Profit in the consolidated P&L of HCL Infosystems, upon line by line consolidation as a JV.
- HCL Learning, the education and training division on the company recorded growth of over 233% YoY for the quarter ended March 2011 and a growth of 183% YoY over the last 9 months. Over 2200 classrooms have been signed up for the **DigiSchool** Solution of this business. This division also launched an innovative program called '**Xcelerate**' for **Test Prep Coaching into Schools** through interactive distance learning across the country.



- HCL Cloud Services 'Ozone' added new offerings in the area of Infrastructure as a service, HRM, Mail and Hospital information systems (HIS) and registered many wins including one of the largest Cloud order in India from a leading healthcare institution for implementation of HIS
- The company also introduced its range of HCL ME Tablets and became the first to introduce computing products with Bureau of Energy Efficiency (BEE) star compliance with the introduction of HCL ME Laptop M54

#### **Awards and Accolades**

- Mr. Ajai Chowdhry conferred **Padma Bhushan** by the President of India for his outstanding contribution to the industry
- Ranked #1 in **IDC-Dataquest Customer Satisfaction Survey 2011; Third year in a row**
- HCL Infosystems awarded '**Most Promising New Technology for Urban Applications**' at the Municipalika 2011



## About HCL Infosystems

HCL Infosystems Ltd, with revenue (LTM) of US\$ 2.6 billion (Rs.12,137crores) 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](http://www.hclinfosystems.in)

## About HCL

HCL is a \$5.7 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 79,000 professionals of diverse nationalities, who operate from 31 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](http://www.hcl.com)