

HCL Infosystems Ltd

Q2 Quarter Results OND 09

Press Release

Noida, NCR, India, January 25, 2010

HCL Infosystems reports consolidated revenue of Rs. 3054 crores (USD 648 Mn) for the quarter ended 31st December 2009.

Profit Before Tax reported for the quarter at Rs. 78 crores (USD 17 Mn).

- The Board of Directors declared 100% quarterly dividend.
- Announced global collaboration with Cisco to Help Enable Safer and More Secure Communities around the world
- Won a contract from Gujarat Government to deploy IT educational solutions for the development of the tribal districts schools in the state of Gujarat
- Bags prestigious nation building project from Delhi Government to roll out country's first Government Radio Network
- Launched Enterprise Commercial Channel and Announced Inclusive growth strategy for its channel partners and SMEs

Results Highlights (from Finance)

The company has reported consolidated revenue of Rs. 3054.3 crores (USD 648.0 Mn) for the quarter ended December 31, 2009.

Consolidated services revenue for the quarter was Rs. 179.7 crores (USD 38.1 Mn), a growth of 11% over corresponding period last year.

Consolidated profit before tax for the quarter was Rs. 77.9 crores (USD 16.5 Mn).

Consolidated profit after tax for the quarter was Rs. 56.1 crores (USD 11.9 Mn).

Revenue from Computer Systems business for the quarter was Rs. 721.8 crores (USD 153.1 Mn).

Profit before interest & taxes for Computer Systems business for the quarter was Rs. 28.0 crores (USD 5.9 Mn).

Revenue from Telecommunication and Office Automation business for the quarter was Rs. 2328.8 crores (USD 494.1 Mn), a sequential growth of 5%.

Profit before interest & taxes for Telecommunication and Office Automation business for the quarter was Rs. 57.0 crores (USD 12.1 Mn).

Consolidated EPS for the year ended 31st December 2009 was Rs. 2.7 per share.

The Board of Directors has declared Second quarterly Interim dividend of Rs. 2/- per share

(100 % on an equity share of par value of Rs. 2/- each)

Conversion Rate 1 USD = Rs. 47.13

Overview

Commenting on the results Mr. Ajai Chowdhry, Chairman and CEO, HCL Infosystems said, *“With global markets getting better and the domestic market responding favorably, the year ahead looks promising. The quarter witnessed realignment of our vision and mission in line with our transformation journey that we undertook a few years back. The new youth centric campaign ‘ME’ has received a positive response so far and I am sure with sustained investments and aggressive marketing, we will continue to build excitement for products and grow our market share. The quarter had our focus on introducing innovative products however; the PC hardware growth remained below expectations. I am confident that the steps taken and our refreshed vision will bear greater results in the near future.”*

The quarter saw realigning of vision and relaying emphasis of overall growth for all business units of HCL Infosystems. The company launched a number of new products ranging from latest netbooks to high end servers. The company also launched Enterprise Commercial Channel (ECC), a major initiative in its enterprise channel strategy to strengthen its footprint all over the country towards addressing SMB segment. In the System Integration arena, HCL bagged various prestigious nation building projects across the country. In the eGovernance vertical HCL Infosystems won a contract from Gujarat Government to deploy IT educational solutions for the development of the tribal districts schools in the state of Gujarat

Given the current security situation, it is now imperative for a growing economy like India to bring best global practices to the country. HCL Infosystems in the first ever US-India collaboration for homeland security signed a MoU with Cisco during India Prime Minister’s recent visit to United States of America.

The quarter also witnessed a project bagged by the company from the Delhi Government to set up the first exclusive Government Radio Network based on TETRA (TErrestrial Trunked RAdio) solutions for swift and secure communication among various Government agencies. Company’s education and training business in the quarter took rapid steps in reaching out to grass root levels of the country with HCL Career Development Centre announcing an alliance with Confederation of NGOs of Rural India (CNRI) for a nationwide rollout of Centre for Development of Employable Skills (CDES).

In recognition to the organization's leadership role in nation building honorable jury members from renowned industry bodies, awarded HCL Infosystems as the EFY 'Electronics Company of the Year 2009'.

Business Highlights for the quarter

Enterprise Products & Services

In the enterprise space HCL Infosystems bagged orders to deploy desktops and servers from the leading names across industry verticals including education and BFSI. The company also received major orders from the education sector for its new laptop range.

HCL saw wins in High Performance Computing (HPC) space as the company bagged orders from leading universities and research institutions of the country. The company during the quarter also organized various HPC workshops at renowned research institutes across the country.

Keeping its commitment to bring the best and the latest in technology, HCL Infosystems this quarter launched a host of products and solutions ranging from sleek netbooks to latest servers. The new laptops introduced by HCL Infosystems this quarter included '**HCL ME Laptop 43**' based on Intel's latest Consumer Ultra Low Voltage SKU S40 chipset with 7 hours battery backup & multi touch gesture touch pad and '**HCL ME Laptop 45**' with 15.6" LED Backlit panel. HCL Infosystems also introduced a 3G capable '**HCL ME Netbook 06**' with 10.1" LED Backlit panel based on Intel Atom architecture. The new netbook was launched in three colors: red, black and blue.

In the desktop space HCL introduced new products based on latest Intel Q45 and G41 chipset with DDR3 memory support. HCL also launched new server models based on the latest Intel Tylersburg platform.

HCL Infosystems **telecom products business** registered growth. This vertical won orders of deploying voice solutions from Corporate to Defense & Police establishments, Railways and infrastructure companies. The company also bagged prestigious orders for deploying its video solutions from leading multi-national companies in infrastructure and BFSI sectors to Railways and other companies in IT, oil & gas and banking.

HCL Infosystems this quarter launched an eClassroom solution '*Wizarddesk*', an innovative electronic lectern which combines furniture and electronics, audio and visual equipments to manage and control presentation needs in a conference room or classroom. The product offers a complete integrated solution for training centers, classrooms, lecture halls and auditoriums.

This quarter, HCL Infosystems received an order from a leading manufacturing firm to deploy an end to end solution, which involved ERP solutions designing, hardware deployment, network consolidation on MPLS VPN and server collocation at its Tier3++ datacenter. HCL Infosystems also bagged an order from a leading shipping company to deploy MPLS VPN connectivity at multiple locations spread across the country thus enabling complete automation resulting in reducing paper work and related expenditures.

HCL Infosystems with the introduction of Enterprise Commercial Channel (ECC) presented a new enterprise channel strategy, offering a unique business proposition for partners. ECC has been designed to enable channel partners grow their business and move up in the value chain to offer a complete ICT solutions portfolio.

HCL Infosystems leadership role and consistent performance was recognised by honorable jury members from renowned bodies like CII, DIT, ELCINA, MAIT, CEAMA and TEMA with an award for the EFY 'Electronics Company of the Year 2009'.

Consumer Business

This quarter, HCL Infosystems unveiled its new range of 3G capable ME series Netbook '**HCL ME Netbook 06**', the new netbook is specially designed to match the persona of today's youth and support the on-the-go lifestyle of business executives. A new notebook '**HCL ME Laptop 45**', equipped with multi touch gesture touchpad that helps user to expand, shrink & rotate the picture through the movement of fingers on touchpad was also introduced. Along with the launch of these products a special limited period festival season campaign the '**Winter Carnival Festival**' was also kick started.

The notebook brand 'ME' that was launched in Sept '09 received favorable consumer acceptance and saw focus from the company in terms of investments and aggressive promotion & marketing. Promotions during festivals of Diwali and Christmas had a positive impact on sales. Numerous local activation programs were deployed which received encouraging responses. In the emerging

gaming market in the country, HCL Infosystems under the 'ME' philosophy introduced a range of 'ME Gaming Consoles'.

HCL Infosystem's distribution business witnessed a positive market trend this quarter with Nokia's continued dominance of the GSM mobile phone market. New launches including N97, N97Mini, E72, 5230 during the quarter by Nokia played a crucial role in driving growth. Capitalizing on the festive season the digital entertainment business clocked growth during the quarter.

System Integration (SI)

HCL Infosystems has a proven track record of conceptualising and executing large projects designed to fuel India's growth story. In this quarter too, HCL Infosystems's growing standings in the System Integration sector was backed by a host of project wins across verticals.

The **eGovernance vertical** won a project from Gujarat Government to deploy IT educational solution for the development of the tribal districts schools in the state of Gujarat

HCL Infosystems's **Homeland Security vertical**, registered growth and won many contracts to deploy state of the art surveillance systems from leading religious trusts, government institutions, Indian railways, oil and hospitality companies.

Given the current security situation, it is now imperative for a growing economy like India to bring best global practices to the country. HCL Infosystems in the first ever US-India collaboration for homeland security signed a MoU with Cisco during India Prime Minister's recent visit to United States of America. This collaboration will deliver IP-based safety and security solutions to help enable safer and more secure communities. The alliance will also combine the strengths of Cisco's Smart+Connected Communities leadership with HCL Security's 'Safe State' architecture to deliver safety and security solutions in India initially and later in other countries.

HCL Infosystems also bagged a prestigious project from the Delhi Government to establish country's first exclusive Government Radio Network (GRN). This TETRA based (TErrestrial Trunked RAdio) communication network 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.

HCL Infosystems's **Railways vertical** bagged another project for development and managed services of Sybase Database Custers. The project also involves managing unreserved ticketing applications for the Indian railways.

Education & Training

HCL Infosystem's training initiatives have been gaining presence rapidly across the country through ICT based learning. The quarter saw HCL CDC (Career Development Centre) take swift steps in reaching out to the grass root levels of the country by getting into an alliance with Confederation of NGOs of Rural India (CNRI) for a nationwide rollout of Centre for Development of Employable Skills (CDES). The Centre for Development of Employable Skills (CDES) has been formed to impart job oriented skills and induce self-employment skills among youth in rural India. The training program would cover Basic Communication Skills, English Language Learning, Sales Orientation, Basics of Computer Hardware and Networking, Business Applications and Basic Accounting Process.

HCL CDC also announced a tie-up with CA, Inc., world's leading independent IT management software company. HCL CDC will provide 'CA technology' training as a part of various student career development programmes enabling students develop skills for CA products.

Expanding its footprint, HCL CDC also tied up with the Railways. Under the agreement, the Railways will nominate its employees to receive IT training including hardware and software for more than 40 modules.

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 localized solutions.

Employee Matrix

HCL Infosystems with its continued focus and investments in strong people management initiatives recorded total employee strength of over 6,400 as on 31st Dec 09. This quarter the company also revisited its Vision and Mission statements, aligning them to the transformational journey the company has taken over the last few years. With the unveiling of the Vision statement, HCL Infosystems became one of the few companies to extend public commitment to sustainability.

Mr. J.V. Ramamurthy took on as the President and Chief Operating Officer (COO) in this quarter. Prior to which he was the Chief Operating officer of HCL Infosystems, a role he took on in 2005.

Sustained Environment Initiatives

HCL Infosystems 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.

About HCL Infosystems

HCL Infosystems Ltd, with revenue (LTM) of US \$ 2.5 billion (Rs. 12,233 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 organization.

India's leading System Integration and Infrastructure Management Services Organization, HCL has specialized 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 \$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 62,000 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