

HCL

Enabling Growth...

Enhancing Customer Competitiveness...

Delivering Best Practices in System Integration...

ACCELERATION

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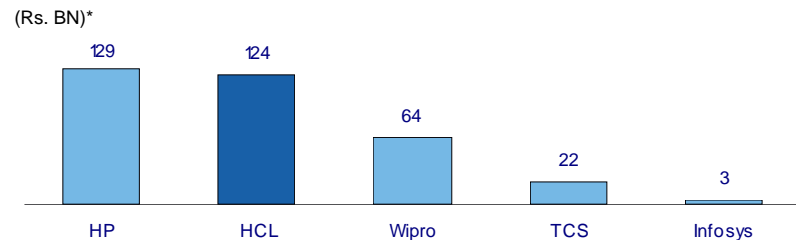
Business Strategy

Section 4

Investment Highlights

HCL Infosystems: Standing Taller... Growing Stronger

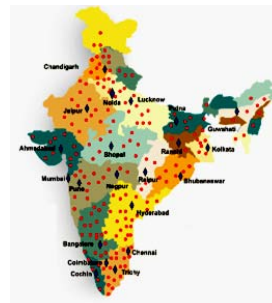
One of the Largest ICT Companies with "India Facing Revenues" . . .



- One of the few ICT companies in India covering Hardware, Software, Networking, Telecom, Education & Security segments
- 3 decades of expertise in total technology solutions with value-added services in key areas

Few Showcase Rollouts

- Single largest rollout of ERP licenses in India with over 60k ERP licenses.
- One of World's Largest VOIP Defence Networks (PAN India)
- National Internet Backbone Broadband Service for Millions (PAN India)



*HCL – As of 30th June 2009
Other Companies – As of 31st March 2009 – DQ Jul 2009

. . . In One of the World's Fastest Growing ICT Markets

- **Strong Domestic Indian IT Market Growth:**
2009-13 CAGR -14% (IDC)
- **Robust Growth Prospects:**



Telecom - Fastest growing market in the world

Tele-density of 41% as on July 2009 ((TRAI) and over a billion population
Strong Broadband subscriber growth



Security Growth in India

HCL is amongst the first Indian ICT Companies to enter the high growth Security Segment



Growth in Core Sectors: Energy, Power, Infrastructure, Health & Education



Education Sector

Prime Minister has termed 11th five year plan as "India's educational plan"
Government to put Rs. 310 BN (USD 6.4 BN) in National Skill Development



Digital Lifestyle products

2008-12 Growth: ~ 50% (IDC)

Notes:
1. Map not to scale
2. Exchange Rate: USD 1 = Rs. 48.15

HCL

Business Model with Multiple Growth Opportunities



Products & Services

- Indian Domestic IT market is growing at a healthy rate of 14% (CAGR 2009-13)
- Strong market share in Office Automation Products:
 - Projectors: 26%
 - Copiers: 20%

Source: IDC



Systems Integration

- Strong growth in verticals for Systems Integration
 - Telecom
 - Power
 - BFSI
 - e-Gov
 - M&E
 - Defense
 - Education
 - Infrastructure
 - Health



Education & Training

- Learning Solution market is expected to grow significantly
- Industry would run out of graduates in 2009-10

Source: Nasscom



Distribution & Marketing

- ~ 50% Growth (2008-12)
- Market size Rs. 380 BN (USD 7.9 BN) by 2012

Source: IDC



Security

- Security business in India is estimated to be USD 1BN

Source: Frost & Sullivan



Software and Intellectual Property Development

Note:
1. Exchange Rate: USD 1 = Rs. 48.15

Industry Overview: Products & Services

Products & Services

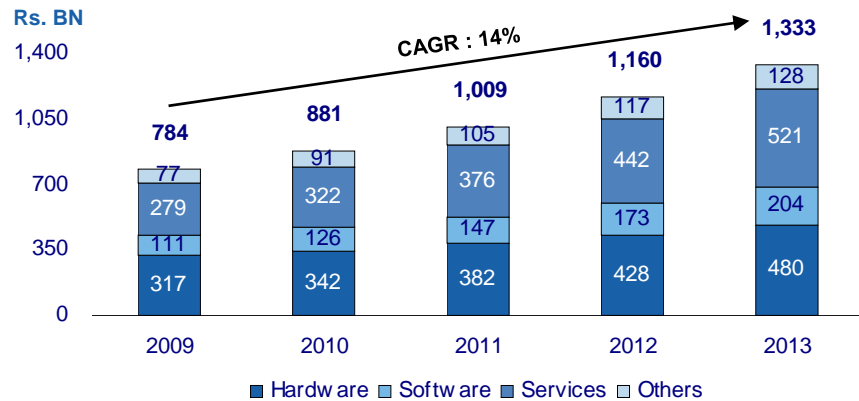
Systems Integration

Education & Training

Distribution & Marketing

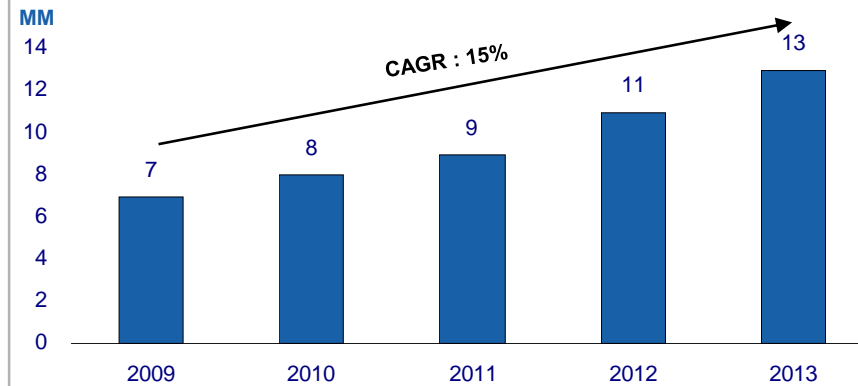
Security

Domestic IT Market



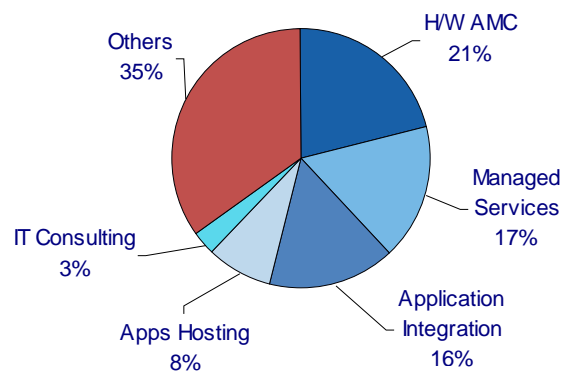
Source: IDC Industry Verticals Report, 2009

Domestic PC Shipment



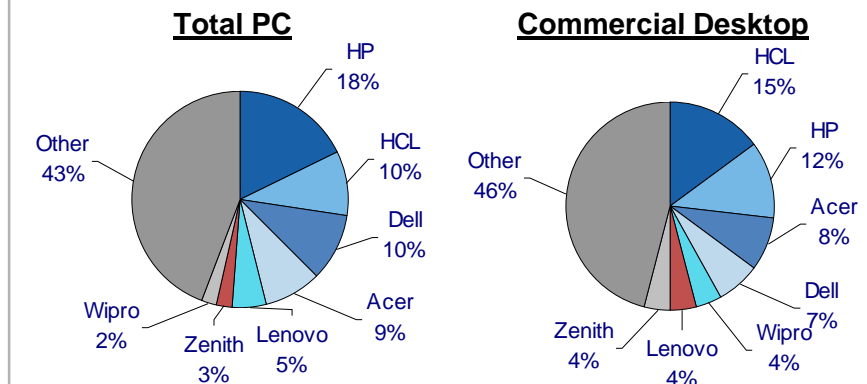
Source: IDC, Aug 2009

Domestic IT Services: Segment Break-up



Source: Data Quest, Aug 2009

Domestic Market Share (Q2 2009)



Source: IDC, Aug 2009

HCL Infosystems continues to be the Market Leader in the Commercial Desktop Segment

Enterprise Products and Related Services

Products & Services

Systems Integration

Education & Training

Distribution & Marketing

Security

Products & Services

Products

- Desktops, Notebooks & Mobile Computing
- S4N (Servers, Storage, Security, Software & Network)
- Middleware – Messaging, EMS, Virtualization, UC

Services

- IT Infrastructure services
 - AMC
 - FM
 - Managed Services
- Strategic Outsourcing
- Systems Integration related Services
- VPN & Co-hosting Services
- SaaS, ITaaS

Key Partner Relationships



Office Automation Products & Solutions

Products & Services

Systems Integration

Education & Training

Distribution & Marketing

Security

Products & Services

Imaging Products & Solutions

- Digital Copiers & Multifunction Devices
- Digital Duplicators
- Production Printers
- Projectors
- Display & Signage Solutions
- Audio Visual System Integration

Telecom

- Voice Solutions
- Audio and Video Conferencing solutions

Key Partner Relationships

TOSHIBA

HITACHI
Inspire the Next

inFocus

CHRISTIE


KONICA MINOLTA


Printing for Professionals


Alcatel-Lucent

TANDBERG

 **Scala**


ASTRA


KYOCERA
mita


Tadiran Telecom

HCL

New Products Launched

Products & Services

Systems Integration

Education & Training

Distribution & Marketing

Security



The new range of HCL Laptops for mobile excitement and enriching features



Series 39
Made for India
product



CBIB
Core banking
reaching to all
over India

HCL Leaptop 38 Series



HCL Leaptop MTV Edition



HCL Leaptop 39 Series



HCL Power House- 8GB RAM & 500 GB HDD



HCL Hyosung
ATMs

Systems Integration Business

Products & Services

Systems Integration

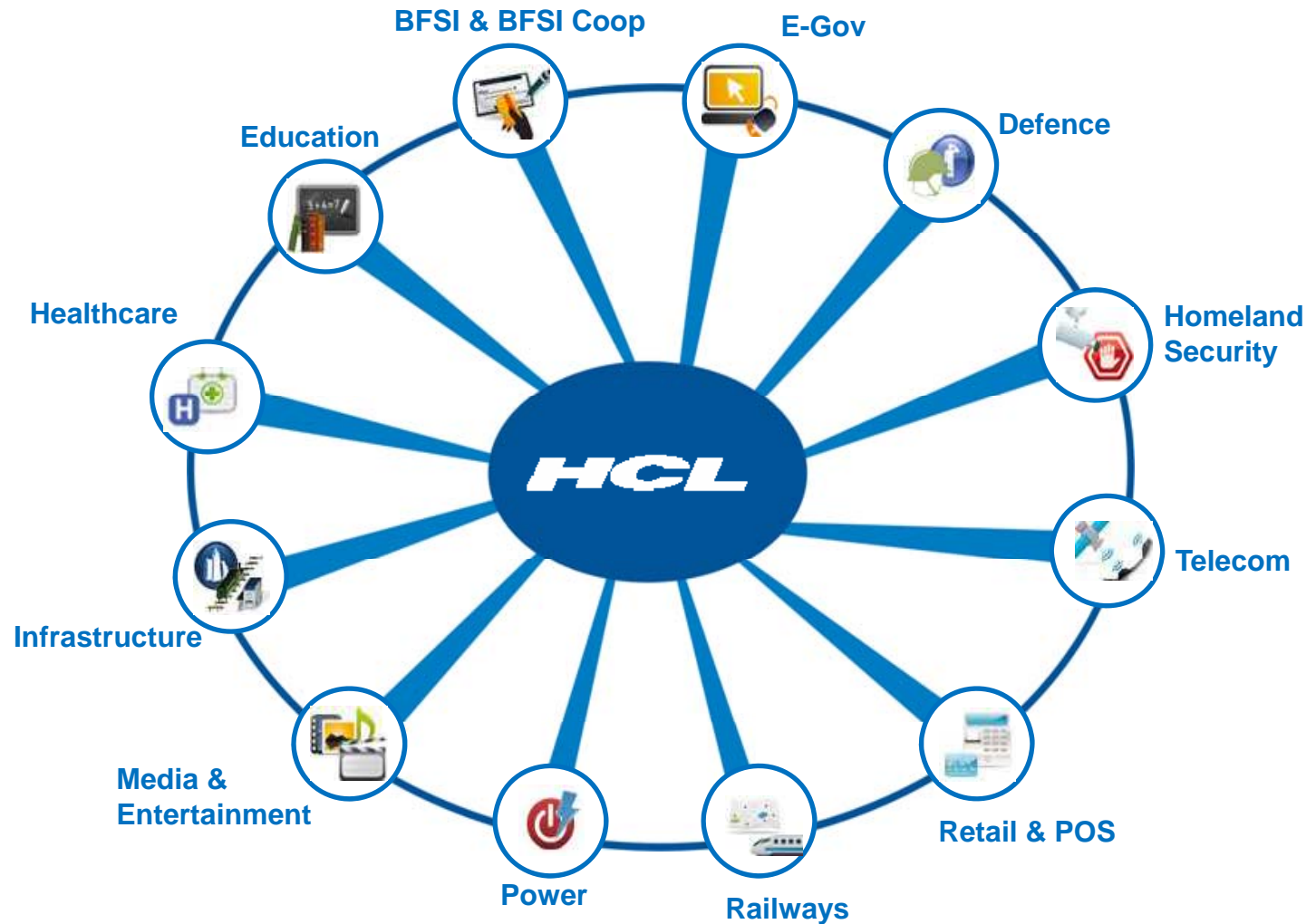
Education & Training

Distribution & Marketing

Security

Comments

- Systems Integration projects comprise at least 2 of the following 3 components
 - Need for significant program management
 - Procurement from multiple vendors of diverse technology components
 - Software products and services
- Typical systems integration projects are characterised by
 - Lumpy revenues
 - Long gestation periods
 - Need for large working capital



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Systems Integration – Key Verticals

Products & Services

Systems Integration

Education & Training

Distribution & Marketing

Security

Sector	Total Domestic IT Spend (Rs BN)	Opportunity Areas	HCL Infosystems Offerings & Solutions	Recent Wins								
Telecom	<table border="1"> <caption>Telecom IT Spend Data</caption> <thead> <tr> <th>Year</th> <th>Spending (Rs BN)</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>128</td> </tr> <tr> <td>2010</td> <td>145</td> </tr> <tr> <td>2013</td> <td>217</td> </tr> </tbody> </table>	Year	Spending (Rs BN)	2009	128	2010	145	2013	217	<ul style="list-style-type: none"> OSS/BSS Solution Expansions Wimax IP/MPLS Expansion Number Portability Data Centers and Value Added Services Metro Ethernet 	<ul style="list-style-type: none"> Infrastructure: <ul style="list-style-type: none"> Wimax, Optical Networks, Active / Passive Roll Out Billing Solutions: <ul style="list-style-type: none"> Convergent Billing, Customer Care Solutions Internet Solutions: <ul style="list-style-type: none"> Content Delivery, Broadband 	<ul style="list-style-type: none"> Telecom Network Management Solution Wimax Rollout IP / MPLS and Broadband Multiplay Expansion Giga Enet Passive Optical Network
Year	Spending (Rs BN)											
2009	128											
2010	145											
2013	217											
BFSI	<table border="1"> <caption>BFSI IT Spend Data</caption> <thead> <tr> <th>Year</th> <th>Spending (Rs BN)</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>176</td> </tr> <tr> <td>2010</td> <td>193</td> </tr> <tr> <td>2013</td> <td>286</td> </tr> </tbody> </table>	Year	Spending (Rs BN)	2009	176	2010	193	2013	286	<ul style="list-style-type: none"> Core Banking, Core Insurance Payment Systems Mobile Banking ICT Infrastructure ATMs and self service solutions Multi-lingual Solutions 	<ul style="list-style-type: none"> Smart Card based solutions ATMs and services Core Banking Solutions Multi-lingual Solutions Branch Rollout ICT Infrastructure Co-Operative Sector 	<ul style="list-style-type: none"> End-to-End IT Project for Life Insurance Company Core Banking Solution for six Indian Co-operative & Rural Banks
Year	Spending (Rs BN)											
2009	176											
2010	193											
2013	286											
E-Governance	<table border="1"> <caption>E-Governance IT Spend Data</caption> <thead> <tr> <th>Year</th> <th>Spending (Rs BN)</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>128</td> </tr> <tr> <td>2010</td> <td>146</td> </tr> <tr> <td>2013</td> <td>220</td> </tr> </tbody> </table>	Year	Spending (Rs BN)	2009	128	2010	146	2013	220	<ul style="list-style-type: none"> Smart Card Projects Income Tax Immigration & Visa Pensions E-Procurement Land Records 	<ul style="list-style-type: none"> Complete Data-center including Networking, storage, security & engineering solution State Wide Area Network Land Records 	<ul style="list-style-type: none"> Municipal Corporation Automation E-district Solutions State Wide Area Network
Year	Spending (Rs BN)											
2009	128											
2010	146											
2013	220											
Power	<table border="1"> <caption>Power IT Spend Data</caption> <thead> <tr> <th>Year</th> <th>Spending (Rs BN)</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>14</td> </tr> <tr> <td>2010</td> <td>16</td> </tr> <tr> <td>2013</td> <td>27</td> </tr> </tbody> </table>	Year	Spending (Rs BN)	2009	14	2010	16	2013	27	<ul style="list-style-type: none"> R-APDRP (Part-A) spend of Rs. 100 BN (USD 2.1 BN) in XI plan IT applications: <ul style="list-style-type: none"> GIS, Consumer Index, Billing, CRM, ERP Non-IT areas : <ul style="list-style-type: none"> Energy Audit Services, Smart Energy Management 	<ul style="list-style-type: none"> Field Automation Smart Metering Energy Management ERP Solution Unmanned Sub-station 	<ul style="list-style-type: none"> Centralized architecture with integrated ERP for a Leading Discom in North India Smart Metering / Advanced Metering Infrastructure Energy Audit Services
Year	Spending (Rs BN)											
2009	14											
2010	16											
2013	27											

Notes:

- Total IT Spending include Hardware + Software + Services + Others; Source: IDC report
- RAPDRP: Restructured Accelerated Power Development and Reform Programme; Part-A spend shall include the projects for establishment of baseline data and IT applications for energy accounting/auditing & IT based consumer service centres
- Exchange Rate: USD 1 = Rs. 48.15



Education & Training

Products & Services

Systems Integration

Education & Training

Distribution & Marketing

Security

Business Opportunity

Private Schools

- Multimedia Based Education
- K-12 Education S/w
- BOOT Contracts (3y/5y)
- Hardware and Content Bundling
- Language Labs
- Mini ERP

Education Projects

- ICT @ Govt. Schools
- ERP solution
- State Education Dept. / Universities
- Language Labs
- Schools / Colleges
- eLearning Solutions
- Hosted / Direct models

Addressing K-12 Segment

- HCL currently is one of the leading ICT suppliers to most of the leading players in the market. As a growth strategy HCL is entering into Education Services Market apart from existing products business
- By having HCL branded – own K-12 education content , HCL can bundle innovative solutions to the schools for long terms contracts and increased account stickiness
- HCL will give flexible business models, Boot, BOO & out right purchase models to the schools
- HCL is creating it's own K-12 content for addressing the Education market in India

HCL Digischool: Multimedia Classroom for Indian Schools

CDC: Advanced Training Centre for IT Professionals

- 101 Pan India Centers with 12,000 Students Certified
- Training Capacity of 60,000 students a year
- 61 In-Campus academies and expanding
- Focus on “Real World” practical training
- **HCL Focus Area**
 - Basic H/W & Networking
 - Advance Networking
 - Server
 - Security
 - CCNA
 - MCSE
 - RHCE
 - Notebooks

Distribution: Unparalleled Reach & Capability

Products & Services

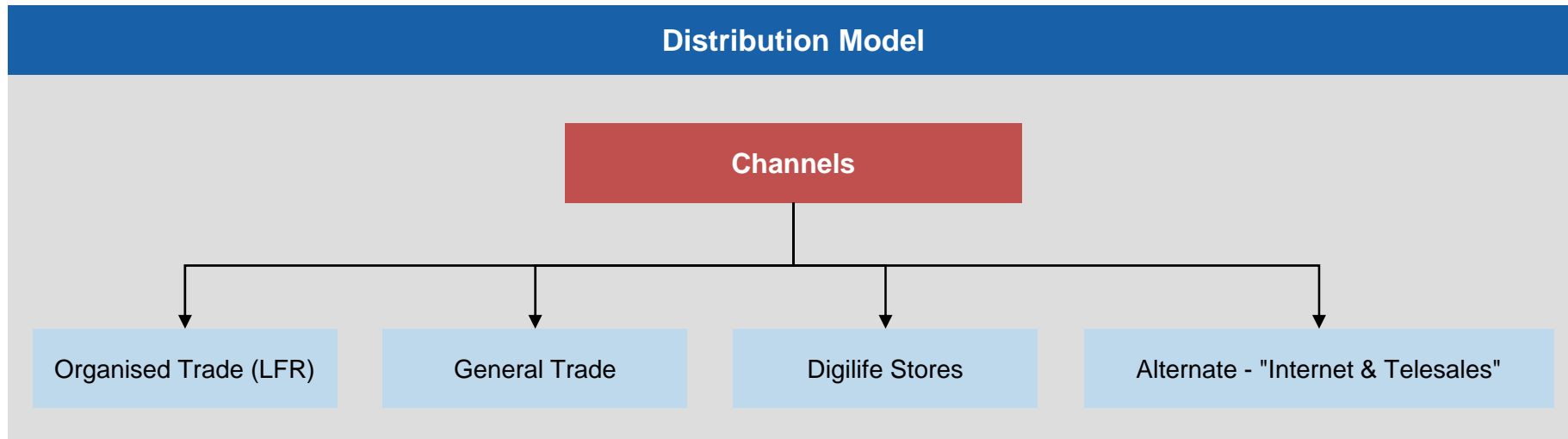
Systems Integration

Education & Training

Distribution & Marketing

Security

Distribution Model



Distribution Network

- 28 city billing / warehousing presence
- Manage Large Scale Operations with fast turnaround time
 - Over 700 Re-Distribution Stockiest
 - 750 plus Micro Distributor Partners
 - Over 93,000 Dealers
 - 11,000 plus towns

Managerial Expertise & Key Strengths

- Managerial Expertise
 - Proven ability to scale up Business Billing upto 3,50,000 units/day
 - Ability to micro-range inventory & obsolesce over 1,500 SKUs daily
 - Managing receivables for business volumes > USD 2 BN
 - Process led sales force management
- Key Strengths
 - Partner Selection & Management
 - Customer Care Network
 - Training of Channel Partners

Consumer Products & Services

Products & Services

Systems Integration

Education & Training

Distribution & Marketing

Security

Products Offering

IT

- HCL Desktops/Notebooks
- Net books
- HCL LCD Monitors, UPS
- HCL PC Essentials
- Kingston D-RAM
- SanDisk USB Flash Drives
- Cisco Linksys Wireless Routers
- Western Digital Hard disk

Telecom

- Nokia GSM Mobile
- Nokia Original Accessories
- Kingston Memory Cards
- SanDisk Memory Cards

Consumer Electronics

- Apple iPod
- Nintendo
- Kodak Digital Cameras
- MP3 Accessories
- Altec Lansing Speakers

Future Opportunities

- Gaming
- Home Entertainment
- Home Security
- Mobile content & VAS

Key Partner Relationships

NOKIA
Connecting People

Kodak

Microsoft

PLANTRONICS
SOUND INNOVATION

FUJITSU



Kingston
TECHNOLOGY

WD Western Digital

SanDisk

HCL Touch – Unique Support Service

- 24 x 7 x 365 Round the clock support
- Product Lifetime support
- Nation Wide Coverage - 4,000 towns within 1 hour drive
- 505 own HCL Touch points
- Support in 11 regional languages
- SMS & E-mail based supports

HCL

Services Overview



Service Offerings and Customer Verticals

Service Offerings

- Control Room Solution
- Surveillance Solutions
- Aerial Surveillance Solutions
- Baggage Screening Solutions
- Building Management Solutions
- Fire Detection & Suppression Systems

Customer Verticals

- Police
- Airports & Ports
- Railways
- Corporate Entities
- Banks
- Hotels
- Hospitals
- Religious Establishments

Developing Own IPR

- HCL Security is developing an integrated Command and Control Center
 - Version 1 release intended to be out by Q4 CY 2009, multiple market oriented version releases
- SOA oriented, Scalable, Flexible and Modular, easily integrated with “Best in Class” devices
- The product aims to provide actionable intelligence to the security authorities

Recent Wins

Police

- Bhopal Police for City Surveillance
- Bangalore Police for Baggage Screeners

Airports & Ports

- MIAL for PIDS
- DIAL for Surveillance
- Goa Airport for Surveillance
- Tuticorin Port

Strategic Installations

- CM's House, Karnataka for Surveillance
- Ranchi Prisons for Surveillance
- Chandigarh High Court for Surveillance

Awards and Accolades



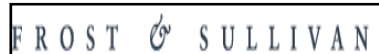
- HCL ranks **No. 1 company in IT services, among top 3 in Desktops** as per DQ CSA 2009
- HCL ranks No.1 in the Dataquest – IDC Best Employer Survey 2009



- HCL recognized as **Server Leader Account** by Intel Corporation (2009)



- HCL wins **Best Desktop PC Category** award by Computer Active (2009)










- HCL was honoured with the **Gold Certification Merit Award for India Manufacturing Excellence 2008** from Frost and Sullivan



- HCL wins the Dun & Bradstreet Rolta Corporate Award 2008 for being **leader in Computer Hardware & Peripherals** category

Experienced Management Team

	<p>Ajai Chowdhry <i>Chairman & CEO</i></p>	<ul style="list-style-type: none"> • Ajai Chowdhry is one of the founder members of the HCL group and has over 38 years experience. He became CEO in 1994 and Chairman in 1999 • He has a Bachelor's degree in Engineering and been conferred the DATAQUEST 'IT Man of the Year 2007' Award amongst other awards
	<p>J V Ramamurthy <i>Chief Operating Officer</i></p>	<ul style="list-style-type: none"> • J V Ramamurthy has over 31 years of diverse industry experience and has been with HCL since 1988. He has been instrumental in expanding HCL's distribution business • He has a Master's degree in Engineering
	<p>Sandeep Kanwar <i>CFO</i></p>	<ul style="list-style-type: none"> • Sandeep Kanwar has over 25 years of experience and has been with HCL since 1988 • He is a Chartered Accountant by qualification
	<p>Hari Baskaran <i>Head of Distribution & Retail</i></p>	<ul style="list-style-type: none"> • Hari Baskaran has over 35 years of experience and has been with HCL since 2003 • He has a Bachelor's degree in Engineering and is an alumni of IIM - Bangalore
	<p>Rajeev Asija <i>Head of Enterprise Solutions</i></p>	<ul style="list-style-type: none"> • Rajeev Asija has over 26 years of industry experience and has been with HCL since 1983. He is driving the Enterprise Solutions & Services division including the Systems Integration business • He has a Bachelor's degree in Engineering
	<p>M Chandrasekaran <i>Head of Office Automation Products</i></p>	<ul style="list-style-type: none"> • M Chandrasekaran has over 25 years of industry experience and has been with HCL since 1984. He also heads the Education business • He has a Bachelor's degree in Engineering
	<p>Rothin Bhattacharyya <i>CEO, HCL Security Ltd.</i></p>	<ul style="list-style-type: none"> • Rothin Bhattacharyya has over 26 years of business management experience and has recently joined HCL in 2009 • He has a Bachelor's degree in Arts (Hons) Economics and has diverse experience in Sales, Operations, Merger and Acquisitions, Management Consulting and leading businesses

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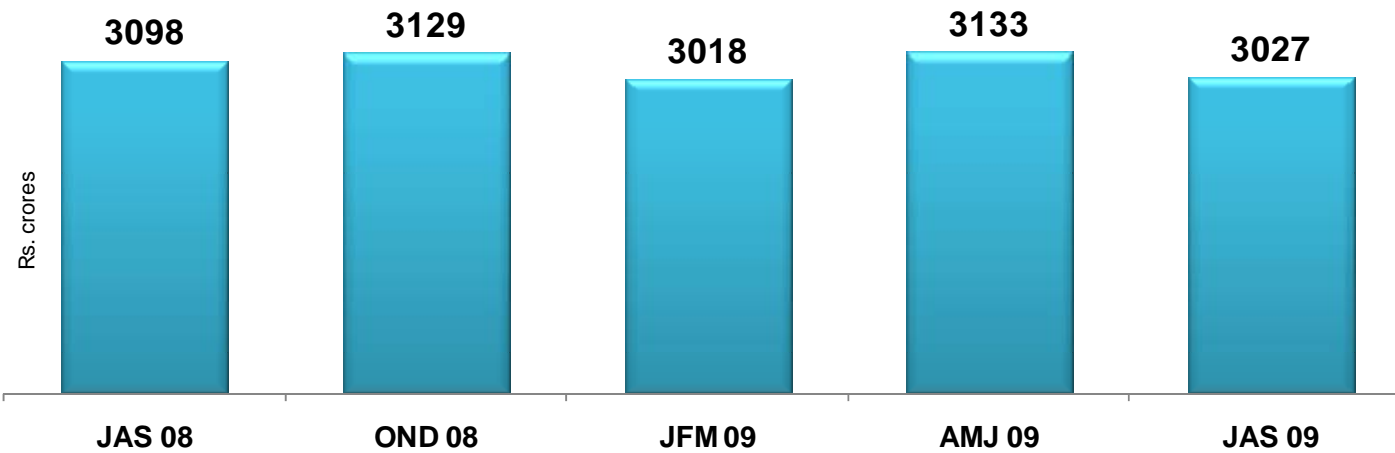
Business Strategy

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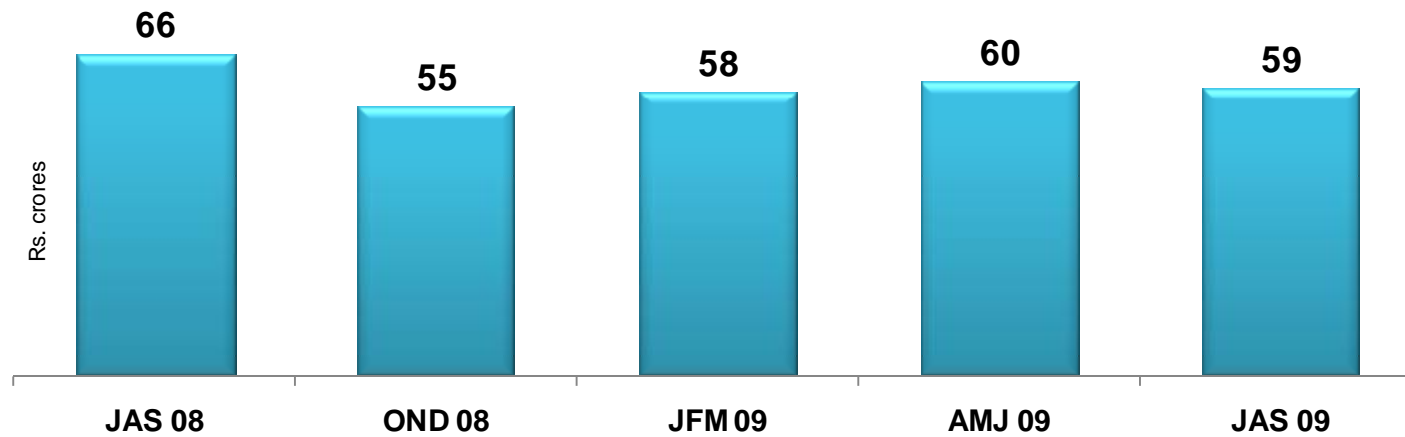
Investment Highlights

Key Financials

Quarterly Revenue



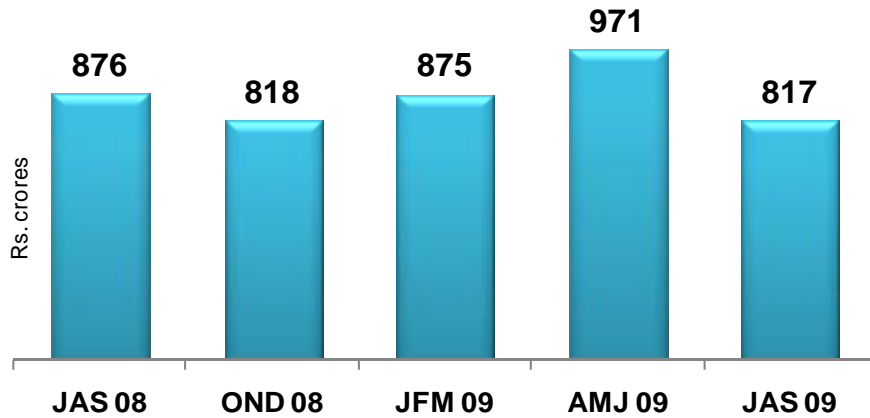
Quarterly PAT



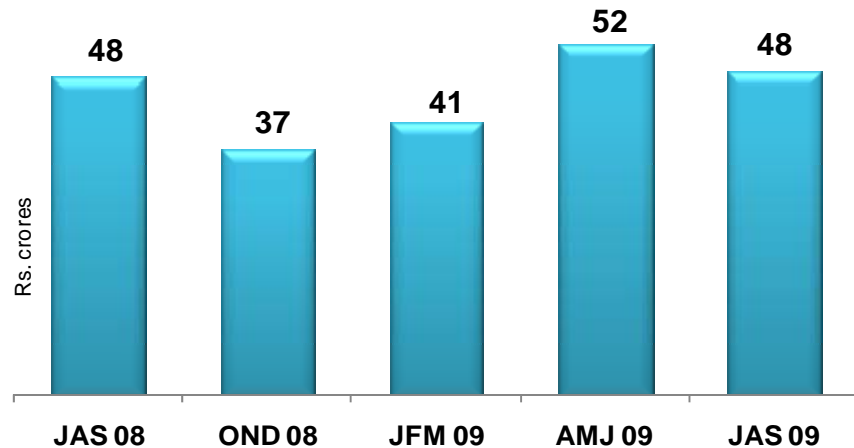
Segment Highlights

Computer Systems

Revenue

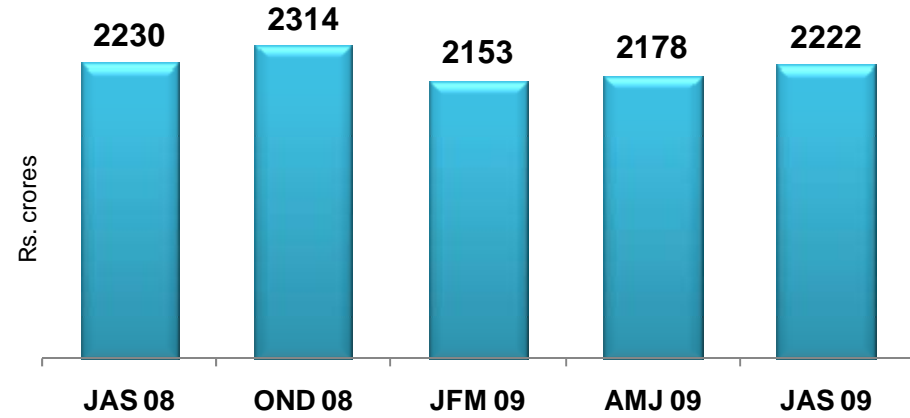


PBIT

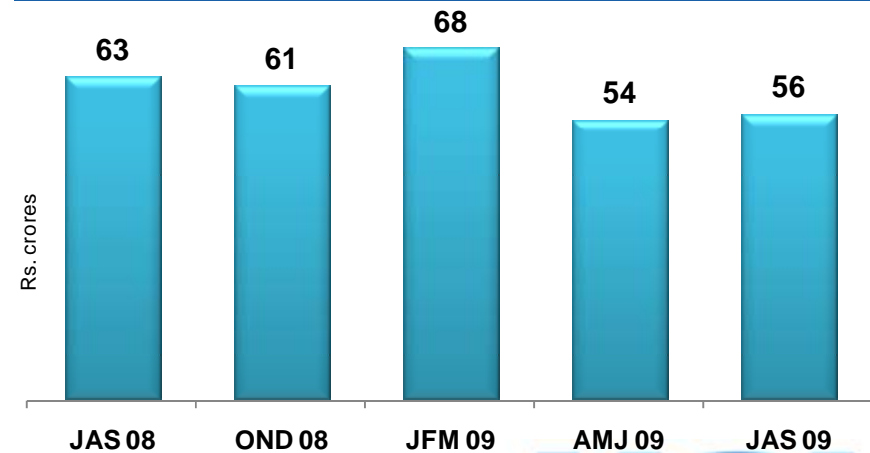


Telecommunication & Office Automation

Revenue



PBIT



Segment Results

			Rs crores		
Particulars			Unaudited		Audited
			Q1 FY 10	Q1 FY 09	FY 09
1.	Segment Revenue				
a)	Products and Related Services				
	- Computer Systems & Other Related Products and Services (Gross)	817.4	875.9	3,540.0	
	Less: Excise Duty	28.5	39.7	126.1	
	- Computer Systems & Other Related Products and Services (Net)	788.9	836.3	3,413.9	
	- Telecommunication & Office Automation (Net)	2,221.6	2,229.8	8,874.5	
b)	Internet & Related Services	16.7	9.4	46.1	
	Total	3,027.2	3,075.4	12,334.5	
	Less: Intersegment revenue	28.2	16.7	82.1	
	Net Sales / Income from Operations	2,999.0	3,058.8	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	48.3	47.6	177.3	
	- Telecommunication & Office Automation	55.6	62.7	246.2	
b)	Internet & Related Services	(5.4)	(1.4)	(17.8)	
	Total	98.4	108.9	405.7	
	Less:				
	i) Interest Expense	8.4	9.6	44.7	
	ii) Other un-allocable expenditure net off	11.1	8.5	25.1	
	iii) Un-allocable income	4.1	5.3	15.4	
	Total Profit before Tax	83.0	96.0	351.3	
3.	Capital Employed (Segment Assets - Segment Liabilities)				
a)	Products and Related Services				
	- Computer Systems & Other Related Products and Services	1082.2	981.1	875.6	
	- Telecommunication & Office Automation	216.9	314.0	187.5	
b)	Internet & Related Services	(10.7)	(2.2)	(8.8)	
c)	Unallocated				
	- Liquid Assets	200.0	115.4	268.5	
	- Others Unallocated (including investment in assets given on finance lease)	(7.7)	12.5	25.9	
	Total Capital Employed	1480.8	1420.8	1,348.8	

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Business Strategy

1

Continue to grow Systems Integration and IT Services Businesses

2

Continue to grow the Market Share for IT Hardware Products

3

Enhance capabilities through Technology Alliances and Acquisitions

4

Develop new ICT-adjacent businesses like Security and Multi-media Education

5

Optimize utilization of distribution network by cross-selling new products and expand distribution channels

6

Further build the HCL Brand

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Key Investment Highlights

Investment Highlights

Strong understanding of the Indian IT Market with over 3 decades experience

Expertise in executing Systems Integration Solutions

Strong ICT Domain Knowledge and wide range of IT Products and IT Solutions

Strong relationships with Customers and Partners

Extensive Customer Care and Distribution Network

Experienced Management & Entrepreneurial Culture, Track record of Innovation

HCL