

HCL INFOSYSTEMS LTD. **HCL**

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N e t . S t r a t e g y

ANNUAL REPORT 1999-2000

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Dear Stakeholder,

The future's the present, the present's the past.

As the world moves onto the Web, your Company is all set to play the role of a powerful enabler of the emerging Net economy.

Our Net. Strategy, conceptualized a year back, streamlined and integrated all our resources around the Internet and the results reflect the success of this strategy.

Our services revenues crossed Rs 200 crore and we plan to grow this revenue stream even faster this year, with a sharper focus on the exports market. We are also expanding our manpower resources in the overseas market and adding newer cutting edge technology skills to our portfolio.

One of the most significant events this year has been the launch of HCL InfiNet, our new Internet services subsidiary. With a primary focus on providing B2B services, HCL InfiNet will leverage our existing channels and customer relationships to quickly ramp up business.

Finally, I would like thank you for your unstinted support and look forward to a great, mutually enriching relationship in the years to come.

Thank you,

Ajai Chowdhry
Chairman and Chief Executive Officer

Software Services

The key player in our Net.Strategy is our Professional Services Organisation, which delivers a wide bandwidth of IT services critical for the emerging Net economy.

We have made significant investments in technology, partnerships and training to complete the spectrum of our e-business capabilities. Some major technology adoptions happened in the form of IBM Websphere, BEA Weblogic and Tuxedo, Broadvision B2B Technologies, Pivotal CRM and i2 SCM technologies. We have also made investments in manpower to broaden our sales and marketing infrastructure in the overseas market.

We achieved the CMM SEI Level IV for our software development processes this year and enhanced our global reach by adding Australia to our existing overseas operations in the USA, UK, Singapore and Malaysia.

We garnered a range of prestigious projects this year in domestic and overseas markets, several of them being web-centric. Some of these overseas projects are high-value, long term assignments, involving co-ownership of IPRs with the customer.

We are working today with Rightworks in the US on a long-term development and maintenance contract for software products that power digital marketplaces. This relationship also entails a worldwide alliance for implementation and professional services.



HCL Infosystems' international projects included a WAP and GPS enabled restaurant e-mediary portal in North America.



HCL Infosystems is currently implementing a mySAP solution for the Singapore Mass Rapid Transport Corporation, Singapore's premier underground and overground railway system. This will take the pressure off the country's overcrowded roads.

We have already implemented a B2B restaurant e-mediary portal in North America, an interesting yet complex project that involves integration of the portal with WAP and GPS technologies.

We are engaged in a very prestigious multi-million dollar

mySAP implementation project for Singapore's premier underground and overground railway system – the Singapore Mass Rapid Transport Corporation.

In Malaysia, our consultants are also involved with a major e-governance project with Pernec; and a Payphone Operation and Management System with a three-year development agreement with Lityan Holdings. Other long term software development contracts garnered in Malaysia are from AMAL Assurance and Extol, a provider of anti-virus software utilities.

We are also engaged in a US\$ 3 million project for IBM UK on its Websphere Technologies and another for Alcatel in Europe. Finally, in the domestic market, we have successfully completed a large ERP project implementation involving 14 remotely located plants for Sterlite Industries and also, a comprehensive automobile portal for India's largest publishing house.

More than anything else, these projects signify one fact – that we are steadily on our way to becoming a powerful enabler of the Net economy, a direct objective of our Net.Strategy.



HCL Infosystems is working on a long-term product development project for Rightworks, a US based leading software company that powers digital marketplaces.

Products and Solutions

The proliferation of Internet and the impending explosion in e-business are driving the growth of the PC market world over, and India has emerged as the fastest growing PC market in the Asia Pacific region, excluding Japan*. It has also been indicated by research that the PC will remain the primary Internet device in the future, even as the mobile phone emerges as another important access point. Given our market leadership in both these devices, we are poised for great growth.

We continued to consolidate our position as the leader in the computer hardware business this year, both in the home/SOHO and the enterprise markets. This year, we became the first Indian Company to ship over 1,00,000 PCs, retaining the number one position for the 11th consecutive year.

We bagged two of the country's biggest ever orders for PC Servers, from the National Crime Records Bureau and the Andhra Pradesh Government for its HAZARD project.

This year we also earned the distinction of selling the largest number of mobile phones in the country with the current annual run rate exceeding 1,00,000.



Having shipped over 1,00,000 PCs in 1999-2000, HCL Infosystems has retained its leadership for the 11th consecutive year.

Our software product sales showed enhanced growth, as we made the first mySAP.com solution sale in the country and made breakthrough sales with the CRM solutions from Pivotal. We have recently garnered a prestigious order from Xerox Modicorp for a range of Broadvision B2B solutions. Our Dragon Speech recognition software sales showed good growth, with

* Source: IDC



HCL Infosystems won a slew of awards from its global principals including Nokia, Toshiba and Infocus for excellence in marketing and support.

the numbers doubling this year.

The Beanstalk Home PC range marked a major shift in PC technology this year, through the adoption of flex ATX and leading edge processor technologies and value-added deliverables through bundled software. We also continued to introduce leading-edge Toshiba laptop products ahead of competition.

During the year, we successfully launched a new range of Digital Multifunction Systems from Toshiba and consolidated our leadership in the

Data Video Projectors market by launching the first networkable projector in India.

Amongst our achievements was a slew of awards from our principals, including those for Sales, Marketing and Support from Toshiba. We also received the Best Service Provider award for India, from Nokia.

In order to increase our reach and to accelerate PC penetration we have strengthened our channel and retail base this year, by adding more HCL stores across the country.

Our products and solutions business is a key component in our Net.Strategy while we build world class e-commerce infrastructures for our customers. Through our PCs, Server Systems, mobile telephony products and multi function digital devices, we are creating more access points to the Internet. Moreover, our long standing customer relationships are built on products and solutions sales and we will continue to leverage these by offering a larger portfolio of service offerings to these customers.



The country's largest ever order for PC server systems was bagged by HCL Infosystems from the Andhra Pradesh Government for its HAZARD Management Information System project.

Hardware/Systems Software and Networking Services

We have enhanced our Support services business this year to position it as a global Facilities Management Organisation.

We provide Mission Critical support Solutions, Network Architecture and Design Services, Network Implementation Services, Security Services and Voice-over IP Solutions. Our support professionals are today engaged in a number of overseas Facilities Management and Network Management projects in Australia, the US, UK and the Far-East.

This year, we implemented an extensive Parabanking Infrastructure for Sahara India at more than 798 locations and a prestigious ISP infrastructure integration with 11

POPs (Points Of Presence) in the first phase for BPLNet, one of the country's largest private sector Internet service providers. We also implemented technology integration projects for several private ISPs like Southern Online, Blazenet Online, Sab Infotech, Pioneer Online Media, In2Cable and are providing Facilities Management Services at Bajaj Auto, RBI, Hindustan Times, KSRTC and Air India.

We were involved with Anywhere Banking projects for the Bank of Madura, Indian Overseas Bank and Punjab National Bank and security solutions at Corporation Bank. Besides which, we also undertook the installation of high-end mainframe alternative systems at the Central Depository Services of the Mumbai Stock Exchange. We continue to manage this mission critical facility.



HCL Infosystems completed an end-to-end ISP Infrastructure Implementation project for BPL Net across the country.

One of the most prestigious assignments that we handled this year was an end-to-end networking and facilities management project for Go4i.com, the premier horizontal portal of the Hindustan Times Group. Major projects also included WAN, Intranet and Security Solutions integration for Sun Pharma, Hindustan Times, the Indian Air force and the Indian Army. Besides, we implemented Voice Over IP projects for Intaas Pharma and Dorling Kindersley, VPN implementations for Cadilla Pharma and the Andhra Pradesh card project. Our terrestrial WAN projects included those for Vadilal Foods, Ahmedabad Electric Company and Binani Zinc, among others.

To deliver Internet based services to customers this year, our major support offices have been reinforced. We further enhanced our support capabilities through the introduction of Web based on-line support, which will serve the end customer round-the-clock, all year round. We also introduced a Channel Support Certification program, ensuring uniform quality of support across the country. We are the only Indian IT company to introduce this kind of certification program in India.

To augment our customer call management systems, we have deployed a self-developed Call Centre package called *IT Careware*. Similar Regional Response Center (RRC) concepts and processes are being replicated at other offices, to be backed by the India Response Centre.

We conducted more than 60 User Meet events across the country this year to listen to our customers one-to-one, besides conducting several technology seminars with global partners.

In simple business terms, it has been a very successful year for us as we were involved with a range of diverse support services and networking projects. But more importantly, our competencies in support services emerged as the key building blocks for our Net.Strategy.



HCL Infosystems was involved in a continental WAN project and facilities management services for Go4i.com, the premier horizontal portal of the Hindustan Times Group.

InfoCom Services

The emergence of WAP technology has turned mobile telephony into a mainstream Internet access point, while office automation devices have also evolved into digital Internet-enabled multi-function devices. Our Infocom Services are an important part of our Net.Strategy as they leverage this convergence of IT, Telecom and office automation.

We have expanded the scope of our Infocom services with the creation of the Business Solutions Group to provide Enterprise Wide Integrated Telecom Solutions. Its focus is to leverage the expansion and cost reduction in telecom access as well as the convergence of IT and telecom.



The emergence of WAP technology has thrown open a lot of opportunities for our WAP enabled communications solutions.

The Business Solutions Group addresses domestic and overseas markets to provide single window telecentric solutions such as Call Centres, Interactive Voice Response Systems, DECT Mobile Telephony solutions and WAP enabled e-commerce solutions.

Our Call Centre solutions integrate computers with phone systems to automate the systems and add intelligence to the manner in which inbound and outbound calls are processed. With more and more companies focusing on enhanced customer relationships during their sales and post sales transactions, Call Centres have emerged as a huge business opportunity for us.

A recent addition to our portfolio of services has been