

HCL Infosystems Limited

Q3 FY17 Investor Update

2nd February 2017



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The enclosed financials provide a line of business wise view based on unaudited management accounts to provide more granularity and are not as per reported segments.

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The Indian Accounting Standards (Ind-AS), as notified under the Companies (Indian Accounting Standards) Rules, 2015, are applicable to HCL Infosystems Limited (the "Company") and its subsidiaries and a jointly controlled entity (collectively referred to as the "Group") for the accounting period commencing from April 1, 2016. According to Ind AS 101 "First time adoption of the Indian Accounting Standards", the transition date for adoption of Ind AS by the Group is July 1, 2015 and hence, the Group has adopted the notified Ind AS effective the transition date.

Structured for Growth

Legal entity

Business Unit

HCL Infosystems

HCL Infosystems Ltd

Consumer
Distribution

Enterprise Products
Distribution

HCL Services Ltd

Enterprise Services

Care Services

Global Services

HCL
Infosystems
MEA

HCL Insys
Pte
(Singapore)

HCL Infotech Ltd

Systems Integration &
Solutions

HCL Learning Ltd

Enterprise
Business

Highlights – Q3

Business Highlights

- Q3 FY17 revenue was Rs. 765 Cr. vs. Rs. 1,002 Cr. in Q2 FY17, a decline of 24% Q-o-Q
- Enterprise Business revenue was flat Q-o-Q and increased 5% Y-o-Y
 - Enterprise Products Distribution - revenue growth of 5% Q-o-Q and 20% Y-o-Y
 - Enterprise Services - revenue decline of 4% Q-o-Q and 8% Y-o-Y aligned to contract rationalisation
- Consumer Business revenue declined 50% Q-o-Q
 - Distribution network impacted by demonetization in November and transition from erstwhile Principal partner in December led to sharp revenue decline
- In SI, execution & collection is on track. Rs. 200 Cr collection from Major Defence Project is highlight
- Profit / (Loss) before interest and tax for Q3 was Rs. (18.5) Cr vs. Rs. (3.3) Cr in Q2
- Profit / (Loss) before tax for Q3 was Rs. (65.8) Cr vs. Rs. (49.1) Cr in Q2

Q3 P&L - Snapshot

Unaudited ₹ crores

Q3 FY17	Particulars	Consumer Business	Enterprise Business	Learning	SI & Solutions	Unallocated / Eliminations	Total	Q2FY17
1	Consolidated Revenue	221	490	3	59	(8)	765¹	1,002
2	Profit / (Loss) before provision for doubtful debts / write-off and expected credit loss	1.5	(9.6)	(1.7)	(7.3)	1.5	(15.6)²	1.3
3	Provision for doubtful debts / write- off and expected credit loss	(0.8)	2.8	0.0	3.7	1.3	7.0³	8.3
4	Other Income	0.0	0.9	0.0	0.0	3.2	4.1	3.7
5	Profit / (Loss) before Interest and Tax (2-3+4)	2.3	(11.5)	(1.7)	(11.0)	3.4	(18.5)	(3.3)
6	Net Finance Cost						47.3⁴	45.8
7	Profit / (Loss) before tax						(65.8)⁵	(49.1)
Q2 FY17	Profit / (Loss) before Interest and Tax (2-3+4)	3.3	(18.5)	(0.5)	11.2	1.2	(3.3)	

- Overall revenue decreased from Rs. 1002 cr in Q2 FY17 to Rs. 765 cr in Q3 FY17
- Profit / (Loss) before provision for doubtful debts / write-off & expected credit loss moved from Profit of Rs.1.3 cr in Q2 FY17 to Loss of Rs. 15.6 cr in Q3 FY17
- Provisions decreased from Rs. 8.3 cr in Q2 FY17 to Rs. 7.0 cr in Q3 FY17

- Net Finance Cost increased from Rs. 45.8 cr in Q2 to Rs. 47.3 cr in Q3
- The Loss before tax increased from Rs. 49.1 cr in Q2 to Rs. 65.8 cr in Q3

Q3 P&L - Snapshot

Unaudited ₹ crores

		Consumer Business		Enterprise business					Q2FY17
Q3 FY17	Particulars	Consumer Distribution	Enterprise Distribution	Services	Learning	SI & Solutions	Unallocated / Eliminations	Total ¹	
1	Consolidated Revenue	221	256	234	3	59	(8)	765 ²	1,002
2	Profit / (Loss) before provision for doubtful debts / write-off and expected credit loss	1.5	(2.4)	(7.2)	(1.7)	(7.3)	1.5	(15.6) ³	1.3
3	Provision for doubtful debts / write-off and expected credit loss	(0.8)	0.3	2.5	0.0	3.7	1.3	7.0	8.3
4	Other Income	0.0	0.1	0.8	0.0	0.0	3.2	4.1	3.7
5	Profit / (Loss) before Interest and Tax (2-3+4)	2.3	(2.6)	(8.9)	(1.7)	(11.0)	3.4	(18.5) ⁴	(3.3)
6	Net Finance Cost							47.3 ⁵	45.8
7	Profit / (Loss) Before Tax							(65.8)	(49.1)
Q2 FY17	Profit / (Loss) before Interest and Tax (2-3+4)	3.3	(2.5)	(16.0)	(0.5)	11.2	1.2	(3.3)	

- Overall revenue decreased from Rs. 1002 cr in Q2 FY17 to Rs. 765 cr in Q3 FY17
- Profit / (Loss) before provision for doubtful debts / write-off & expected credit loss moved from Profit of Rs.1.3 cr in Q2 FY17 to Loss of Rs. 15.6 cr in Q3 FY17
- Provisions decreased from Rs. 8.3 cr in Q2 FY17 to Rs. 7.0 cr in Q3 FY17

- Net Finance Cost increased from Rs. 45.8 cr in Q2 to Rs. 47.3 cr in Q3
- The Loss before tax increased from Rs. 49.1 cr in Q2 to Rs. 65.8 cr in Q3

Enterprise Business (1/2)

Enterprise Products Distribution

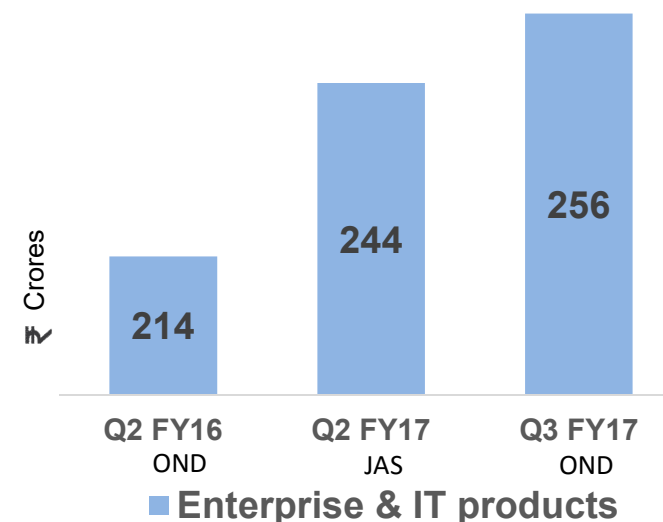
- 5% Q-o-Q revenue growth
- 20% Y-o-Y revenue growth
- Wider distribution reach enabled growth
- Expansion in existing OEM sales territories added impetus

Enterprise Services*

- 4% Q-o-Q revenue decline
- 8% Y-o-Y revenue decline
- Pipeline showing good momentum basis GTM Investments
- New contracts TCV of Rs. 100 Cr for the quarter
- Ongoing contract rationalization focused on profitability

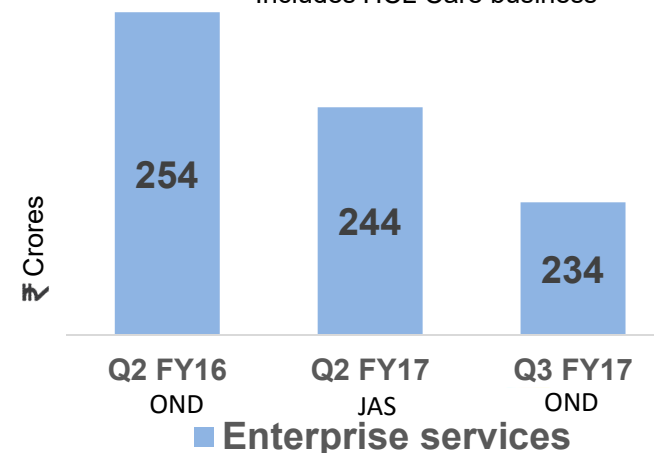
Y-o-Y movement in charts relates to Q3'17 vs Q2'16, due to change in financial year in 2016 to comply with the requirement of the Companies Act.

Products Distribution Revenue



Enterprise Services Revenue

*Includes HCL Care business



Enterprise business (2/2)

Unaudited ₹ crores

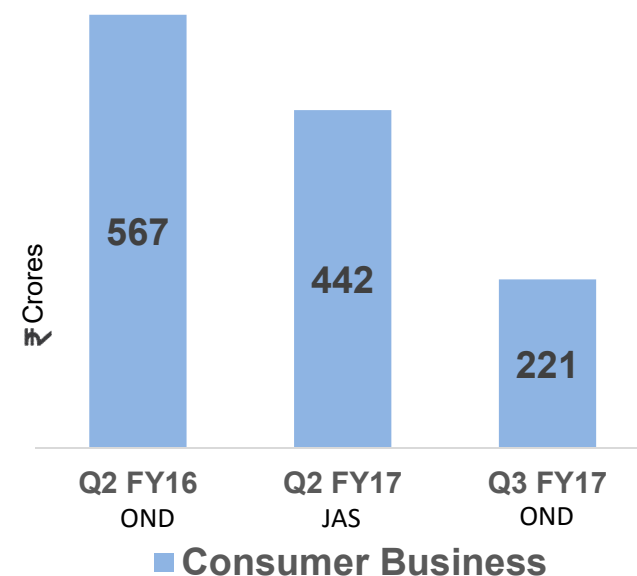
S.No.	Particulars	Q2 FY16 OND	Q2 FY17 JAS	Q3 FY17 OND
1	Consolidated Revenue	468	488	490
2	Profit / (Loss) before provisions for doubtful debts / write-off and expected credit loss	(14.2)	(11.6)	(9.6)
3	Provisions for doubtful debts / write-off and expected credit loss	8.0	7.4	2.8
4	Other Income	0.6	0.5	0.9
5	Profit / (Loss) before Interest and Tax (2-3+4)	(21.6)	(18.5)	(11.5)

The above numbers provide a line of business wise view based on unaudited management accounts to provide more granularity and are not as per reported segments.

Consumer Business – Consumer Distribution (1/2)

- 50% Q-o-Q revenue decline
- November sales impacted by liquidity crunch in the distribution channel due to demonetization
- December was a black-out period due to transition of erstwhile Principal partner leading to zero supply & exhaustion of inventory
- We are exploring opportunities to add OEMs under the new multi-brand handset strategy
- Profitability impacted due to sharp revenue decline

Consumer Distribution Revenues



Unaudited management accounts

Y-o-Y movement in charts relates to Q3'17 vs Q2'16, due to change in financial year in 2016 to comply with the requirement of the Companies Act.

Consumer Business (2/2)

Unaudited ₹ crores

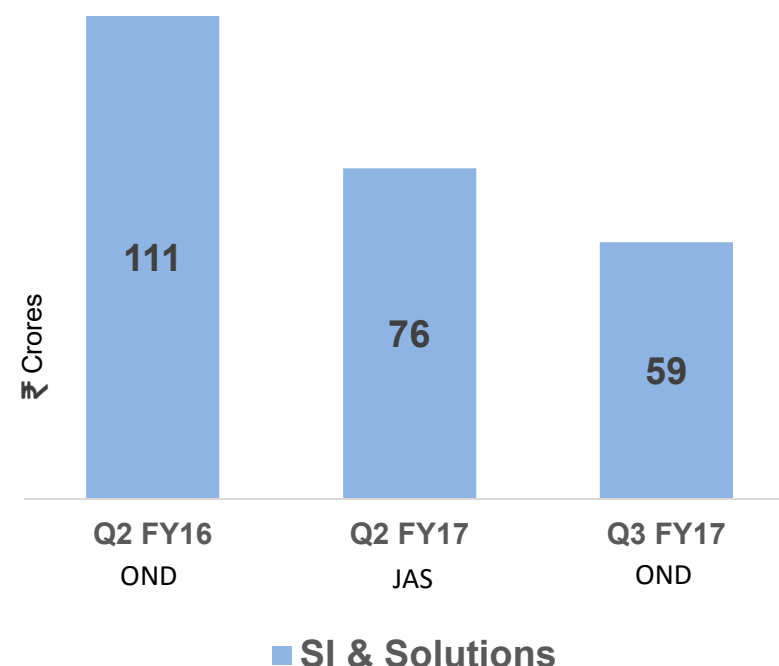
S.No.	Particulars	Q2 FY16 OND	Q2 FY17 JAS	Q3 FY17 OND
1	Consolidated Revenue	567	442	221
2	Profit / (Loss) before provisions for doubtful debts / write-off and expected credit loss	10.8	3.1	1.5
3	Provisions for doubtful debts / write-off and expected credit loss	0.0	(0.2)	(0.8)
4	Other Income	0.0	0.0	0.0
5	Profit / (Loss) before Interest and Tax (2-3+4)	10.8	3.3	2.3

The above numbers provide a line of business wise view based on unaudited management accounts to provide more granularity and are not as per reported segments.

System Integration and Solutions (1/2)

- **Sustained Execution Focus**
 - Projects worth Rs. 75 Cr executed in Q3
 - Pending order book at ~ Rs.930 Cr
 - Build phase ~ Rs. 180 Cr,
 - Managed Services ~ Rs. 150 Cr.
 - Support Services & Annuity ~ Rs. 600 Cr
- Collected Rs. 200 Cr from a major Defence Project
- Key 'User Acceptance' milestone achieved in a power project and Go-live achieved in another major Government project

SI & Solutions Revenues



Unaudited management accounts

Y-o-Y movement in charts relates to Q3'17 vs Q2'16, due to change in financial year in 2016 to comply with the requirement of the Companies Act.

System Integration and Solutions (2/2)

Unaudited ₹ crores

S.No.	Particulars	Q2 FY16 OND	Q2 FY17 JAS	Q3 FY17 OND
1	Consolidated Revenue	111	76	59
2	Profit / (Loss) before provisions for doubtful debts / write-off and expected credit loss	(10.3)	10.7	(7.3)
3	Provisions for doubtful debts / write-off and expected credit loss	1.2	0.4	3.7
4	Other Income	0.0	0.9	0.0
5	Profit / (Loss) before Interest and Tax (2-3+4)	(11.5)	11.2	(11.0)

SI & Solutions –

SI revenue and margins vary based on achievement of project milestones and project mix

The above numbers provide a line of business wise view based on unaudited management accounts to provide more granularity and are not as per reported segments.

Questions?

Please join Q&A Session on Audio Conference

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HCL Infosystems - Investor Relations

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