

HCL Infosystems Limited

Q1 FY17 Investor Update

1st August 2016

HCL

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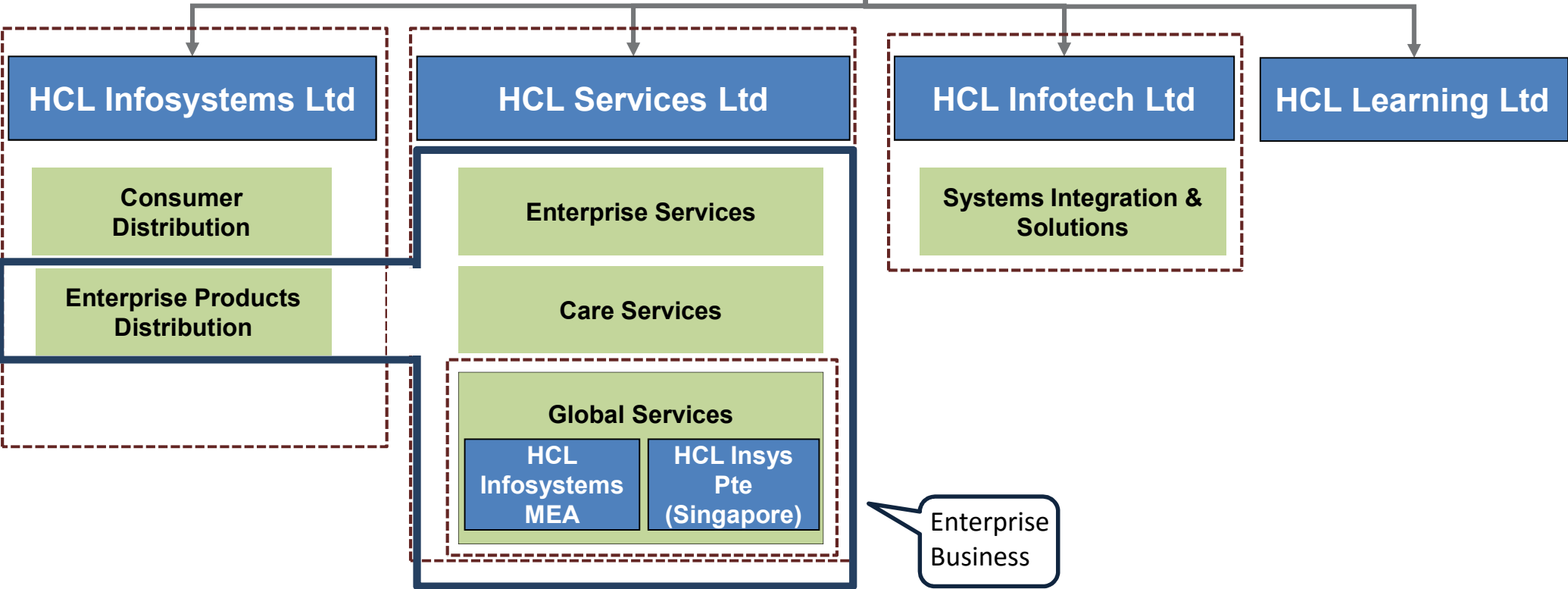
The Indian Accounting Standards (Ind-AS), as notified under the Companies (Indian Accounting Standards) Rules, 2015, are applicable to HCL Infosystems Limited (the "Company") and its subsidiaries and a jointly controlled entity (collectively referred to as the "Group") for the accounting period commencing 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. The figures for Q3 FY16 and Q2 FY16 in this presentation are also IndAS compliant.

The HCL logo is displayed in a bold, blue, sans-serif font.

Structured for Growth



HCL Infosystems



Highlights – Q1

Business Highlights

- Q1 FY17 revenue was Rs. 1,148 Cr. vs. Rs. 1,069 Cr. in Q3 FY16, registering an increase of 7% Q-o-Q
- Consumer Business revenue increased 4% Q-o-Q
 - Growth in feature phones segment and consolidation of channel partners
- Enterprise Business revenue increased 3% Q-o-Q
 - Enterprise Products Distribution recorded 5% Q-o-Q growth
 - Enterprise Services revenue was flat Q-o-Q, essentially due to rationalisation of contracts
- SI – Key projects moving towards commercial closure, pending order book at Rs. 1,100 Cr
 - Inaugurated the Defence Communication Network project which is the largest single satellite network in the Indian Defense Forces, spread across the country; integrating communication between the Army, Navy and the Air Force
- Profit / (Loss) before interest and tax for Q1 was Rs. (4.5) Cr
- Profit / (Loss) before tax and after exceptional items for Q1 was Rs. (45.8) Cr

Key Recognition

- HCL Services felicitated for 'Best use of Lean Six Sigma: Field Services in IT' in the category of Customer Experience improvement at the World Quality Congress Conference in June 2016

Q1 P&L - Snapshot

Unaudited ₹ crores

Q1 FY17	Particulars	Consumer Business	Enterprise Business	Learning	SI & Solutions	Unallocated / Eliminations	Total	Q3FY16
1	Consolidated Revenue	472	573	4	122	(23)	1,148 ¹	1,069
2	Profit / (Loss) before provision for doubt debts / write-off and expected credit loss	12.2	(12.7)	(1.5)	23.0	(17.0)	4.0 ²	(20.3)
3	Provision for doubtful debts / write-off and expected credit loss	(0.2)	6.6	0.5	4.2	0.1	11.2 ³	13.0
4	Other Income	0.0	0.5	0.0	0.1	2.1	2.7	5.1
5	Profit / (Loss) before Interest and Tax (2-3+4)	12.4	(18.8)	(2.0)	18.9	(15.0)	(4.5)	(28.2)
6	Net Finance Cost						41.3 ⁴	43.0
7	Profit / (Loss) Before Tax & Exceptional Items						(45.8) ⁵	(71.2)
8	Exceptional item (includes Goodwill write-off for learning business – Rs. 70 cr)						0.0	71.1
9	Profit / (Loss) before Tax & after Exceptional items						(45.8)	(142.3)
Q3 FY16	Profit / (Loss) before Interest and Tax (2-3+4)	8.7	(17.8)	(2.0)	(12.9)	(4.2)	(28.2)	

- Overall revenue increased from Rs. 1069 cr in Q3 FY16 to Rs. 1148 cr in Q1 FY17
- Profit / (Loss) before provision for doubt debts / write-off & expected credit loss improved from Rs.(20.3) cr in Q3 FY16 to Rs. 4.0 cr Profit in Q1 FY17
- Provisions decreased from Rs. 13 cr in Q3 FY16 to Rs. 11.2 cr in Q1 FY17

- Net Finance Cost decreased from Rs. 43.0 cr in Q3 to Rs. 41.3 cr in Q1
- The Loss before tax & exceptional items decreased from Rs. 71.2 cr in Q3 to Rs. 45.8 cr in Q1



Q1 P&L - Snapshot

Unaudited ₹ crores

Q1 FY17	Particulars	Consumer Distribution	Enterprise Distribution	Services	Learning	SI & Solutions	Unallocated / Eliminations	Total	Q3FY16
1	Consolidated Revenue	472	333	240	4	122	(23)	1,148¹	1,069
2	Profit / (Loss) before provision for doubt debts / write-off and expected credit loss	12.2	(1.7)	(11.0)	(1.5)	23.0	(17.0)	4.0²	(20.3)
3	Provision for doubtful debts / write-off and expected credit loss	(0.2)	1.9	4.7	0.5	4.2	0.1	11.2³	13.0
4	Other Income	0.0	0.2	0.3	0.0	0.1	2.1	2.7	5.1
5	Profit / (Loss) before Interest and Tax (2-3+4)	12.4	(3.4)	(15.4)	(2.0)	18.9	(15.0)	(4.5)	(28.2)
6	Net Finance Cost							41.3⁴	43.0
7	Profit / (Loss) Before Tax & Exceptional Items							(45.8)⁵	(71.2)
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Enterprise Business (1/2)

Enterprise Products - Continued growth momentum

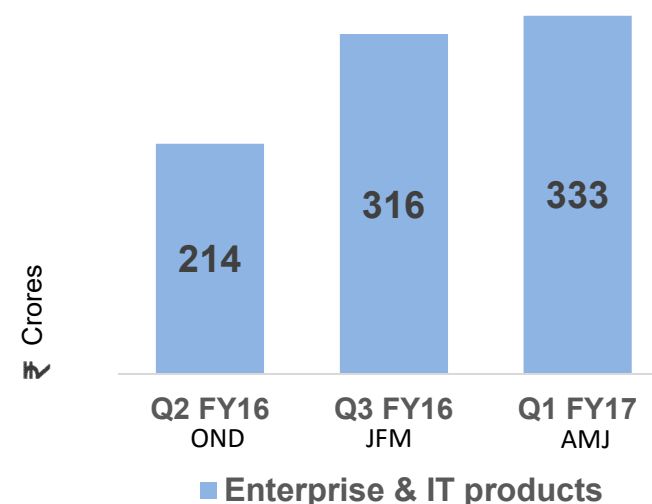
- 5% Q-o-Q
- 14% Q-o-Q growth in Corporate & Channel business
- Overall Q1 growth muted by decision to exit certain customer categories
- HCL-One GTM on track to fuel the next round of growth in the business

Enterprise Services*

- Flat Q-o-Q revenue despite Contract Rationalization
- Productivity Improvement initiatives continue

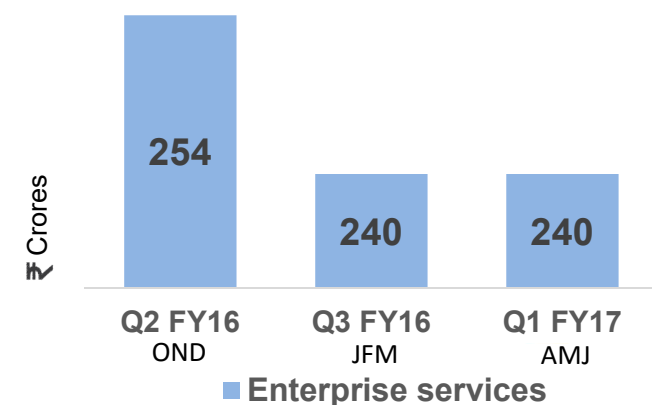
Q-o-Q relates to Q1'17 vs Q3'16 as FY16 comprised of 9 months, to end on March 31, 2016 (Q3 '16) due to change in financial year to comply with the requirement of the Companies Act.

Products Distribution Revenue



Enterprise Services Revenue

*Includes HCL Care business



Enterprise business (2/2)

Unaudited ₹ crores

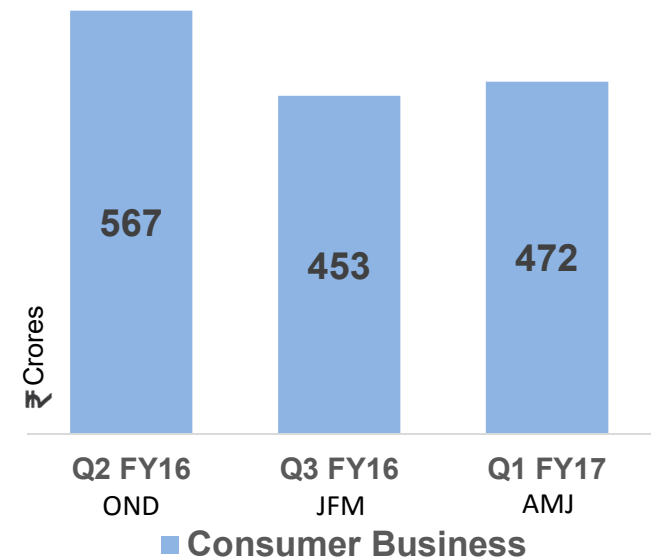
S.No.	Particulars	Q2 FY16 OND	Q3 FY16 JFM	Q1 FY17 AMJ
1	Consolidated Revenue	468	556	573
2	Profit / (Loss) before Exchange differences and Provisions for doubtful debts / write-off and expected credit loss	(7.9)	(15.3)	(12.7)
3	Provisions for doubtful debts / write-off and expected credit loss	8.0	4.4	6.6
4	Other Income	0.6	1.8	0.5
5	Profit / (Loss) before Interest and Tax (2-3+4)	(15.3)	(17.8)	(18.8)

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)

- Q1 revenue increased 4% due to -
 - Growth in feature phones segment – 13% growth in both value & volume terms
 - Expanded retail reach by over 20%
 - New partners signed up for selling the Surface products
- Focus on profitability and channel consolidation to sustain momentum
- Rationalized costs commensurate with business

Consumer Distribution Revenues



Unaudited management accounts

Q-o-Q relates to Q1'17 vs Q3'16 as FY16 comprised of 9 months, to end on March 31, 2016 (Q3 '16) due to change in financial year to comply with the requirement of the Companies Act.

Consumer Business (2/2)

Unaudited ₹ crores

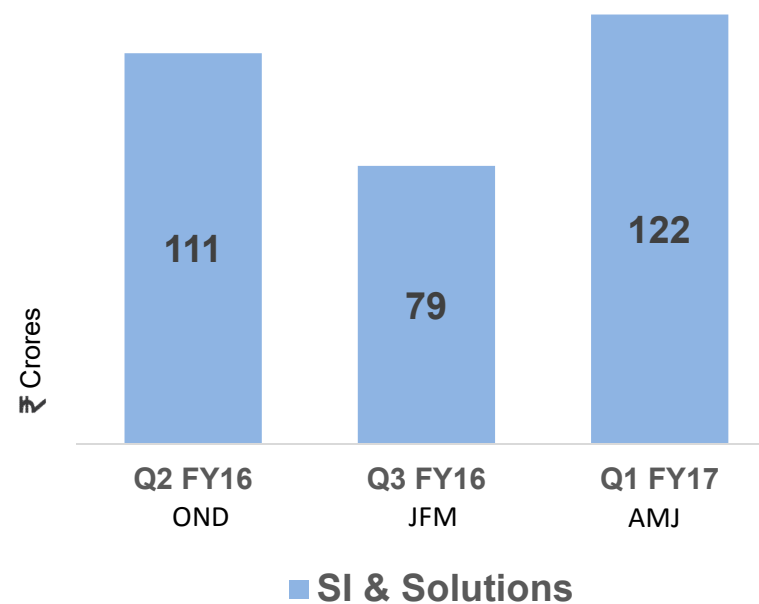
S.No.	Particulars	Q2 FY16 OND	Q3 FY16 JFM	Q1 FY17 AMJ
1	Consolidated Revenue	567	453	472
2	Profit / (Loss) before Exchange differences and Provisions for doubtful debts / write-off and expected credit loss	13.9	9.0	12.2
3	Provisions for doubtful debts / write-off and expected credit loss	0.0	0.3	(0.2)
4	Other Income	0.0	0.0	0.0
5	Profit / (Loss) before Interest and Tax (2-3+4)	13.9	8.7	12.4

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)

- **Continued focus on execution** – Projects executed in Q1 - Rs. 80 Cr and pending order book at ~ Rs. 1,100 Cr (Build phase ~ Rs. 225 Cr, Managed Services ~ Rs. 200 Cr. support services & Annuity ~ Rs. 675 Cr)
- Inaugurated the first ever converged tri-service communication and IT network for the Indian Defense Forces
- The UIDAI project continued to make global milestones by enrolling 1.02 bn citizens as at end of Q1

SI & Solutions Revenues



Unaudited management accounts

Q-o-Q relates to Q1'17 vs Q3'16 as FY16 comprised of 9 months, to end on March 31, 2016 (Q3 '16) due to change in financial year to comply with the requirement of the Companies Act.

System Integration and Solutions (2/2)

Unaudited ₹ crores

S.No.	Particulars	Q2 FY16 OND	Q3 FY16 JFM	Q1 FY17 AMJ
1	Consolidated Revenue	111	79	122
2	Profit / (Loss) before Exchange differences and Provisions for doubtful debts / write-off and expected credit loss	(7.0)	(6.1)	23.0
3	Provisions for doubtful debts / write-off and expected credit loss	1.2	7.5	4.2
4	Other Income	0.0	0.7	0.1
5	Profit / (Loss) before Interest and Tax (2-3+4)	(8.1)	(12.9)	18.9

SI & Solutions –

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

- PBIT improvement partly attributable to certain cost estimated towards variations, revised post successful completion of those projects

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Questions?

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