

HCL Infosystems Limited

Investor Annual Update

7th September 2012



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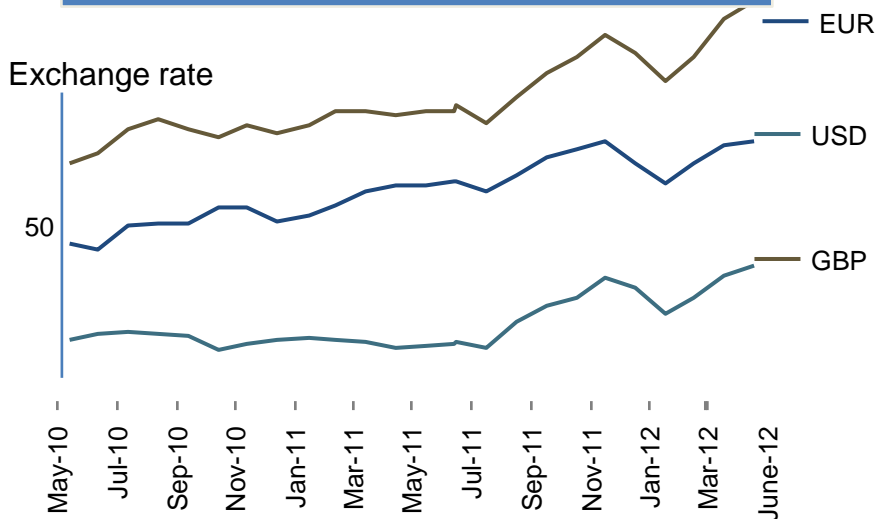
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Macro Economic Indicators

Currency rate

Rupee touched all time low against USD, touched 57.3



Gross Domestic Product

- Lowest since 2003.
- During FY'12, GDP grew at 6.5% against 8.5 % last fiscal

- Drop in Capital goods industry: 16% fall yoy. Government and private capital formation down
- Government spending dropped significantly with rising fiscal deficit
- Large projects stalled due to lack of decisions
- Consumer spending did stay up so far, but is likely to decline if the economy continues to deteriorate
- Volatile & Weak currency creating a havoc with high import industries

Rupee hit the all time low level against USD

Business Highlights and Lowlights

Highlights

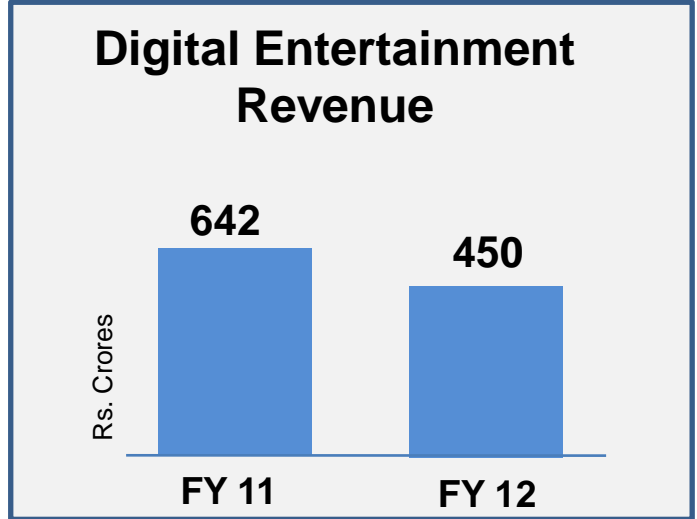
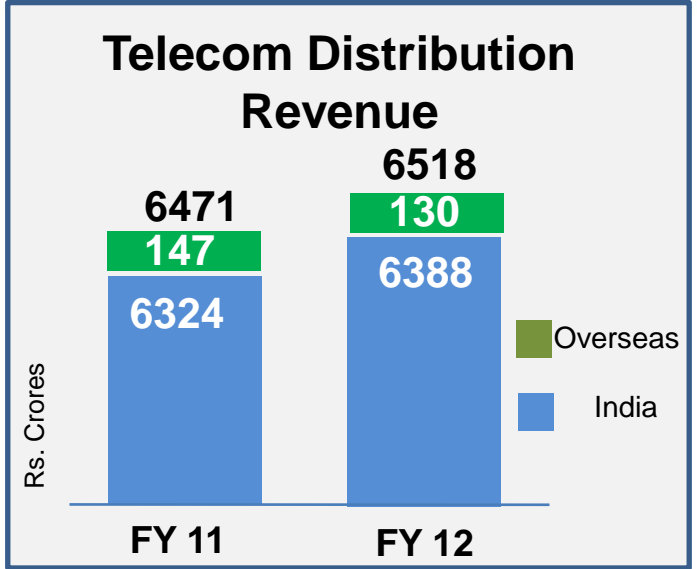
- UIDAI win - One of the largest IT order ever in India
- Selection of Tata-L&T-HCL Consortium for the first defence 'Make Program'.
- IMS wins in India & Singapore.
- Successful launch of tablets.
- Growth in DigiSchool (~100% yoy).
- Expansion into new territory in rural for Nokia business with good m-o-m growth.
- DSIR Certification for all R&D centers

Lowlights

- Sharp drop in Govt. procurement
- Margin drop in hardware & SI businesses.
- Project delays in System Integration
- Sharp rupee depreciation
- All of the above impacted profitability

Distribution – Telecom Distribution, Digital Entertainment

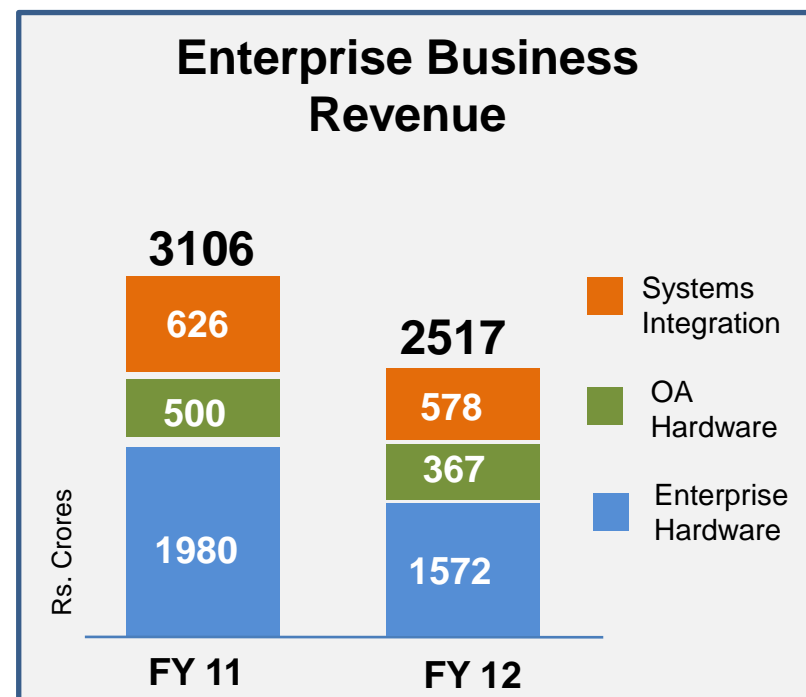
- ❑ Expansion into rural territory for Distribution
- ❑ YoY Volume Growth in Handset Business
- ❑ Creation of Arm's length WOS subsidiary – Digilife to Distribute IT Products
- ❑ Tablet - PC-IT Distribution Integration
- ❑ Margin compression in Telecom Distribution as per new terms of trade and lower ASP
- ❑ Drop in Digital Entertainment revenue mainly due to Kodak bankruptcy



Good Funnel underway to build portfolio of distribution: Harman Kardon, DELL, Lexmark, Delonghi, Accessories

Enterprise Business – Solutions & SI

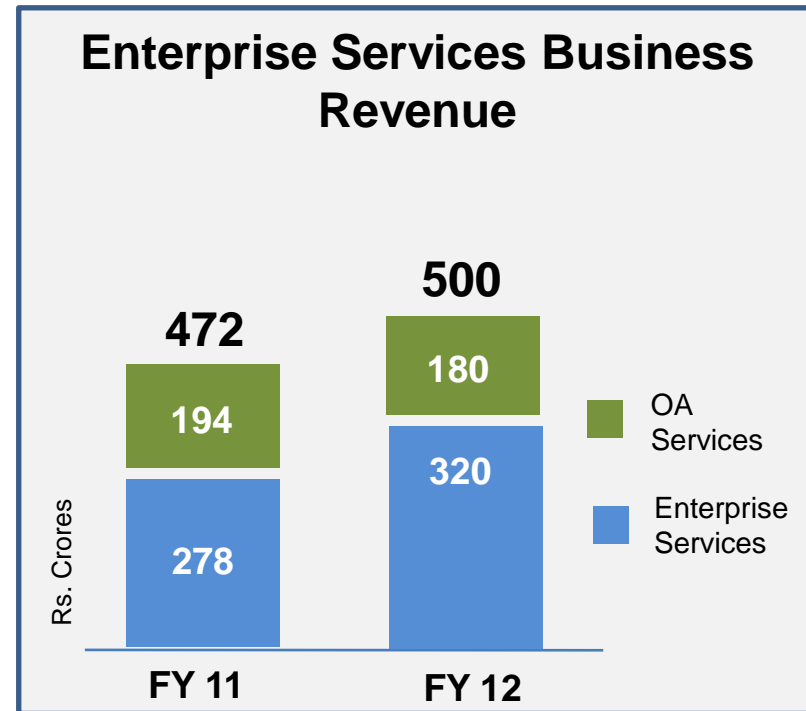
- ❑ UIDAI MSP win
- ❑ Steep Margin erosion with Fx volatility
- ❑ Big Fx Losses
- ❑ Sharp drop in Govt. procurement
- ❑ Delays in SI Projects – lower revenues, locked working capital and cost over runs.



- **Deliberate efforts underway to increase services in the business mix and**
- **To do Hardware & SI more selectively**

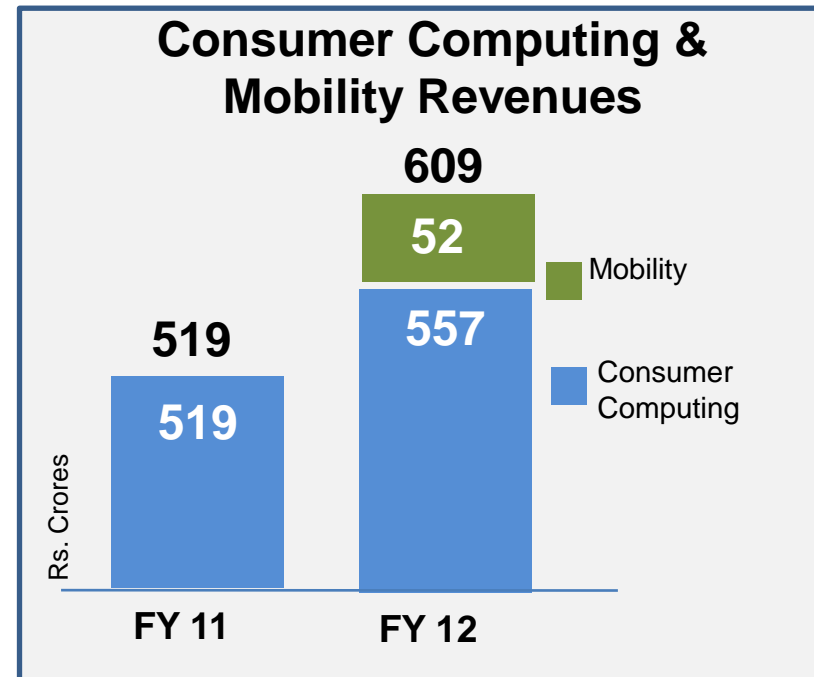
Enterprise Business – Services

- ❑ IMS wins in India & Singapore
- ❑ SEI CMM L5 for JDC
- ❑ Growth in Services



Mobility, Consumer & SMB Computing

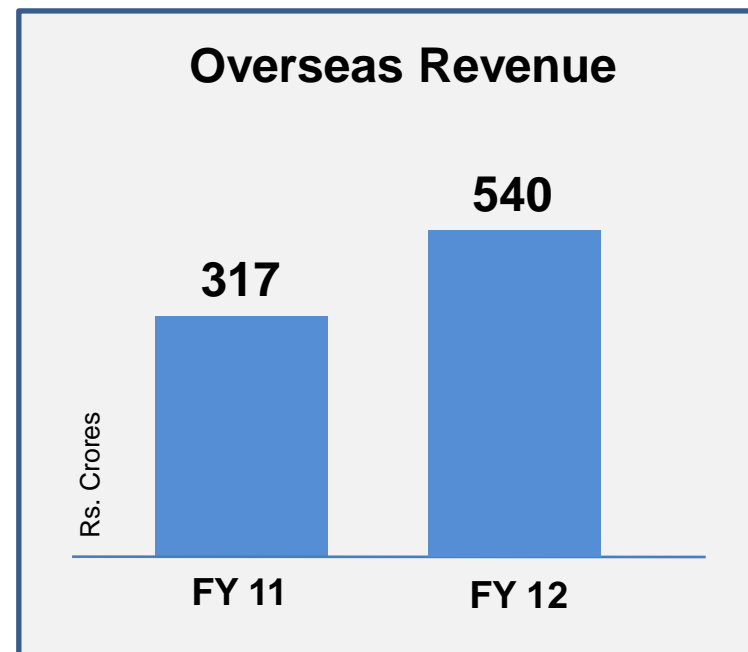
- ❑ Consumer Computing Turn around despite declining PC market
- ❑ Market Leadership in value category for Tablets
- ❑ Growth in SMB Channel network
- ❑ WOS formed for Computing Products Manufacturing and Channel Business
- ❑ Margin impact due to Fx Volatility



**New Products : Tablets, AIO, Ultrabooks,
Smartbooks
Rapid Growth in Tablets**

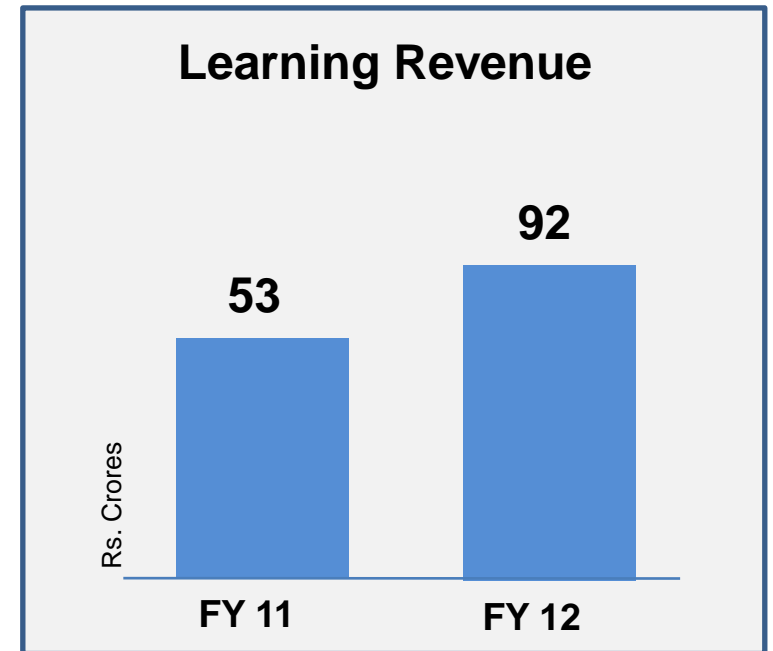
Overseas market

- ❑ Purchased remaining 40% stake in HCL-MEA
- ❑ Opening of the Qatar operations
- ❑ Large IMS win in South East Asia market - IDA Singapore IMS



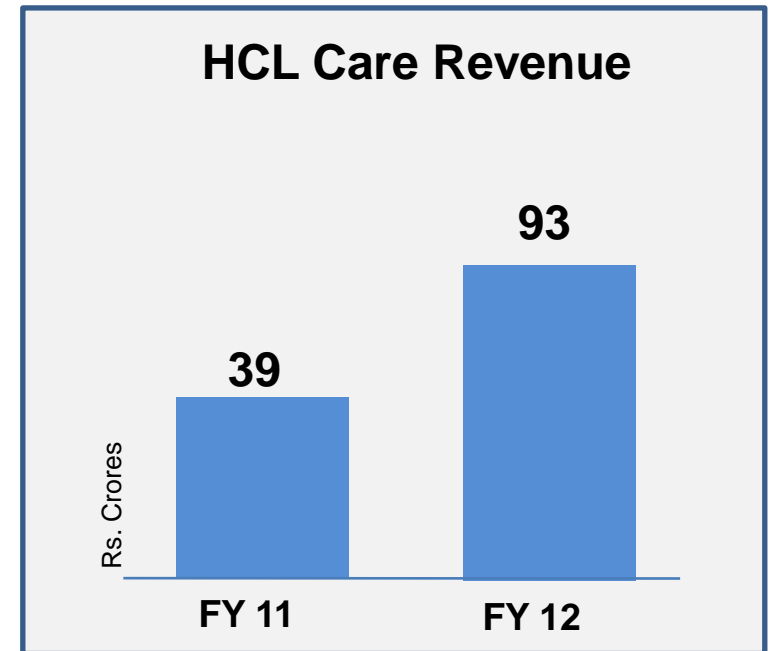
Learning

- ❑ DigiSchool growth (2X) with good commercial discipline.
- ❑ Launch of DigiCampus, MyEduTAB & Institution Management System
- ❑ Acquisition of Attano assets (content IP).

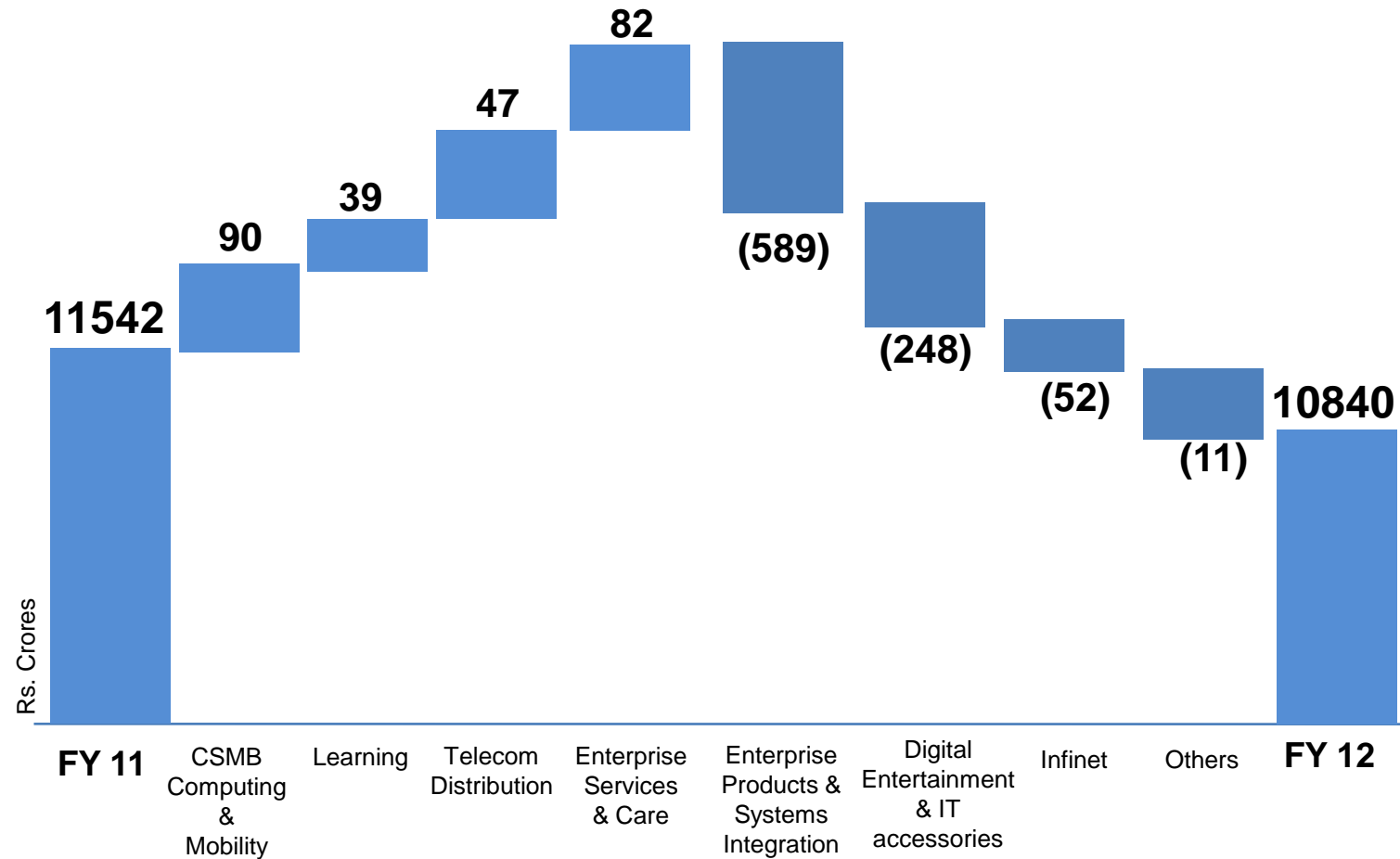


On an accelerated growth path

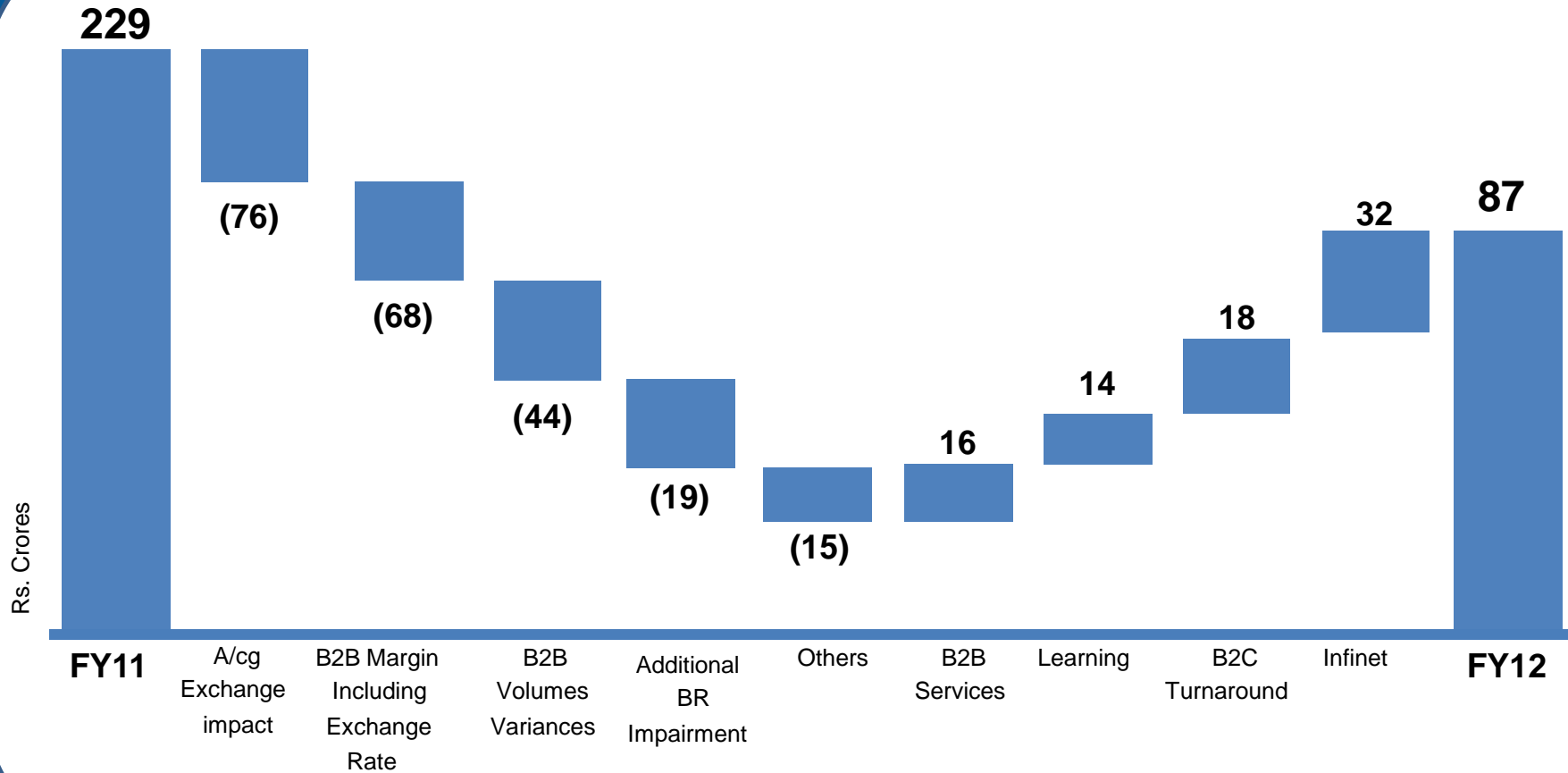
- ❑ Good traction with multiple OEMs for their warranty/ break fix support in India
- ❑ Best repair factory rating from Nokia
- ❑ Global Touch: To scale in next couple of years



Results Highlights – Consolidated Revenue



Results Highlights – Consolidated PBT



Change in Cash Position

Rs crores	
Particulars	FY 12
Operating FCF	210
Increase / (Decrease) in Borrowings	62
Inflow from Divestment	22
Redemption of Investments	175
Total Sources	469
Investment in Long term receivables/ LRR net of related payable	(238)
Capital Expenditure net of related payable	(65)
Dividend paid	(130)
Total Utilization	(432)
Net Change in Cash position {Increase(+)/ Decrease(-)}	37

Business Break up – Revenue

Rs. Crores

Business Revenue Break up	FY 11	FY 12	YoY Growth
Enterprise Solutions & SI	3106	2517	-19%
Enterprise services	472	500	6%
Overseas (Computing)	317	540	71%
CSMB Computing & Mobility	519	609	17%
Learning	53	92	74%
HCL Care	39	93	138%
Telecom Distribution	6471	6518	1%
Digital Entertainment	642	450	-30%
Eliminations & discontinued (Infinet)	-76	-479	
Consolidated Revenue	11,542	10,840	-6%

Enterprise Solutions & SI caused the drag on overall financial performance

Key Focus Areas for FY 13

- ❑ Growth of Multi-brand services for Enterprise and Consumer businesses
- ❑ Growth of Multi-brand distribution in Digilife Distribution & Marketing Services
- ❑ Growth of Learning portfolio
 - ❑ Direct to consumer
- ❑ Ramp up of UIDAI MSP project
- ❑ Explore various strategic partnerships for PC hardware & SI Businesses to get reach, portfolio and cost advantage

HCL