

HCL Infosystems Limited

Investor Quarterly Update

15th February 2013

HCL

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Business Highlights and Lowlights

Highlights

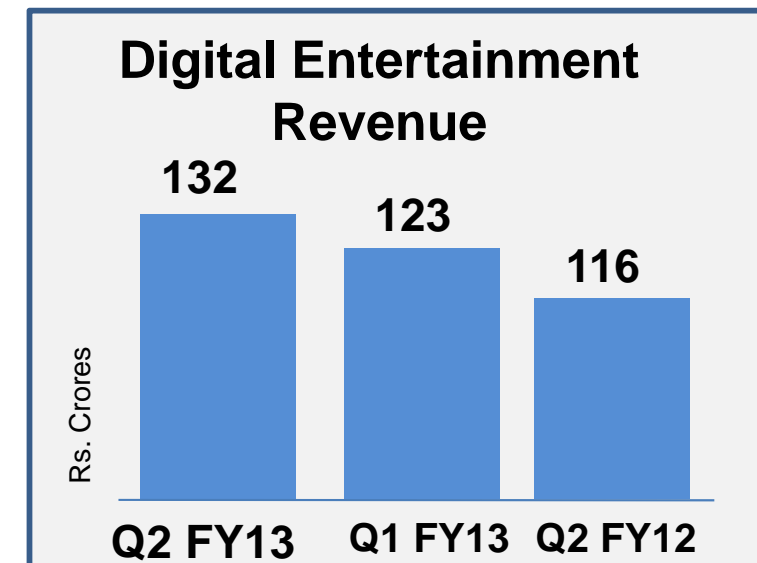
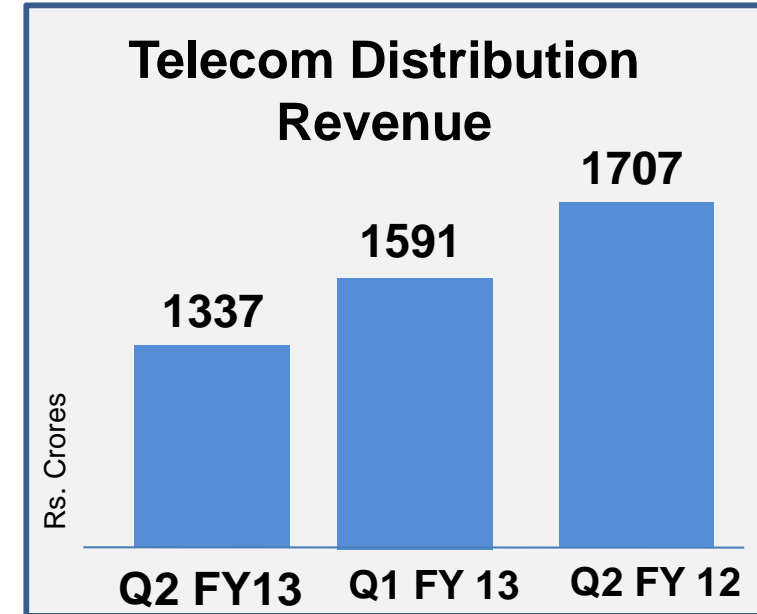
- Growth in our focus areas
 - Services
 - Mobility
- New brands consumer electronics & IT distribution
- UIDAI Program: Start of Revenue
- FCF of Rs 102 Crore

Lowlights

- Profitability in Hardware & Solutions
- Slow movement on Old SI Projects – Cost increases and stuck receivables
- Decline in Telecom Distribution business

Distribution – Telecom Distribution, Digital Entertainment

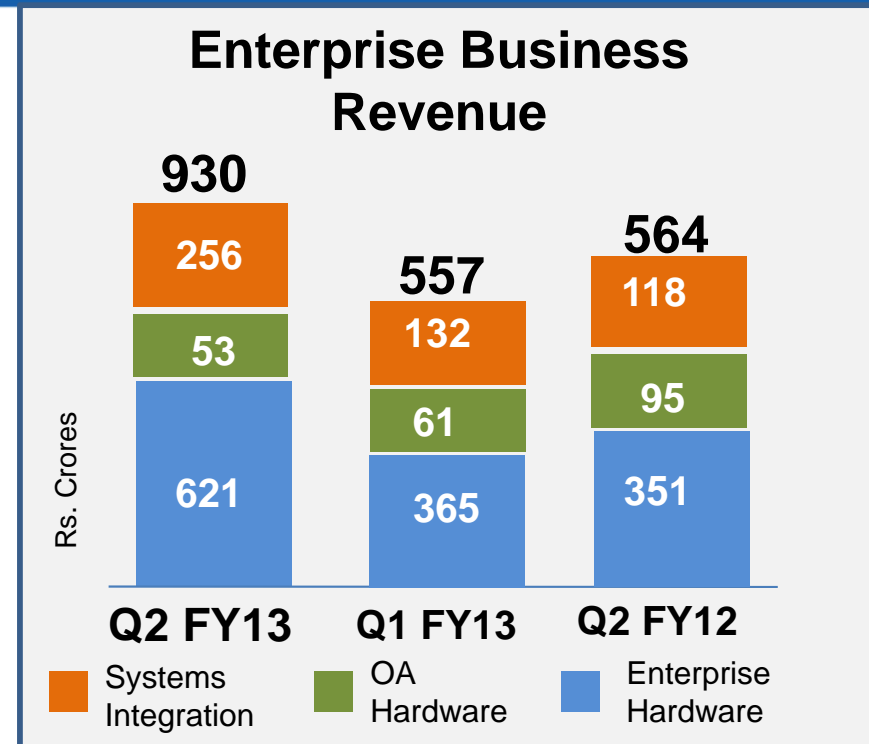
- ❑ Volume decline in Telecom distribution.
- ❑ Continued growth in IT and Consumer Electronics Distribution business



New logos for which distribution began in OND: Dell, Lexmark, JBL, Omron, DeLonghi, Norton, Supertooth, Accessories

Enterprise Business – Solutions & SI

- ❑ SI revenue growth and healthy order-book
- ❑ Challenging environment
 - ❑ Government and Enterprise Capex spends are down significantly
 - ❑ IT industry de-growth ...putting margin pressures
 - ❑ Project delays – Cost increases, Interest costs on Working Capital
- ❑ Profitability impacted by BR Impairment, Interest, Cost escalation on delayed projects

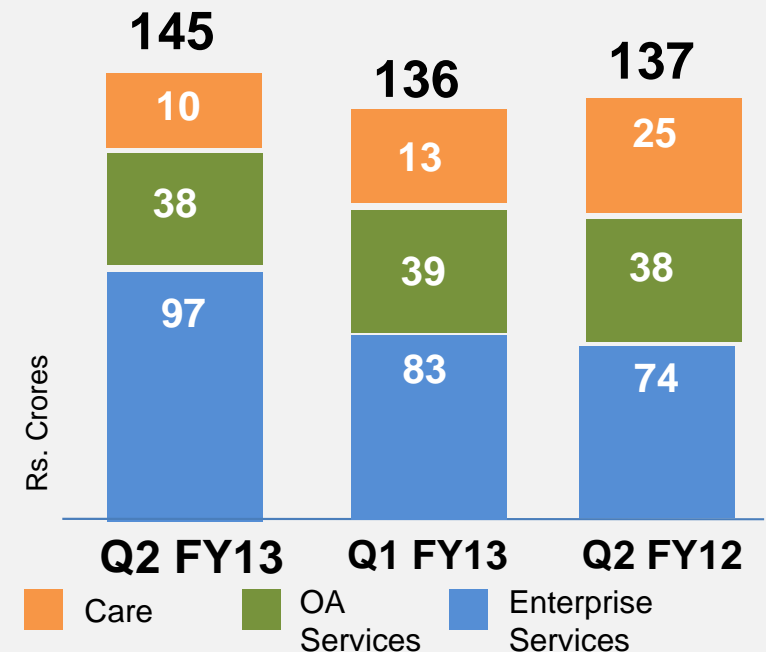


- **Selective in Hardware & SI deals**
- **Lean Operations**

Enterprise Services & Care

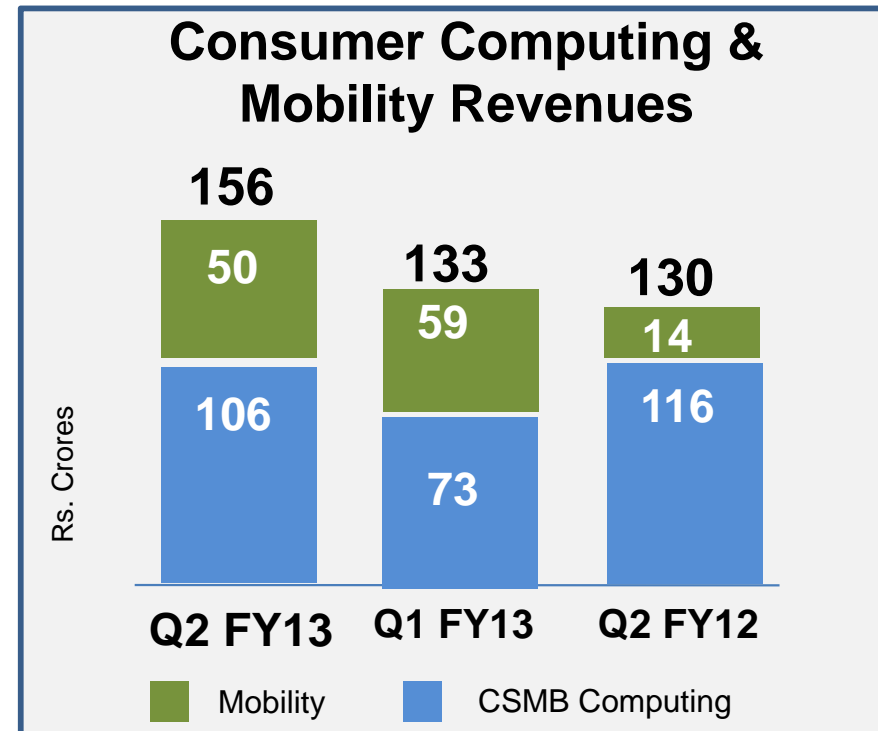
- ❑ New Wins in Managed Services Business – India and Singapore. TCV Booking of IMS contracts @ >300 Cr
- ❑ New Wins in Care Business – Dell and Blackberry. Revenue conversion yet to begin
- ❑ Sales Investments ahead of the growth curve & additional spares consumption reduced profits

Enterprise Services & Care Business Revenue



Mobility, Consumer & SMB Computing

- ❑ Growth in Mobility despite competition from low-cost players
- ❑ Consumer Computing had sluggish growth; de-growth in industry impacted margins

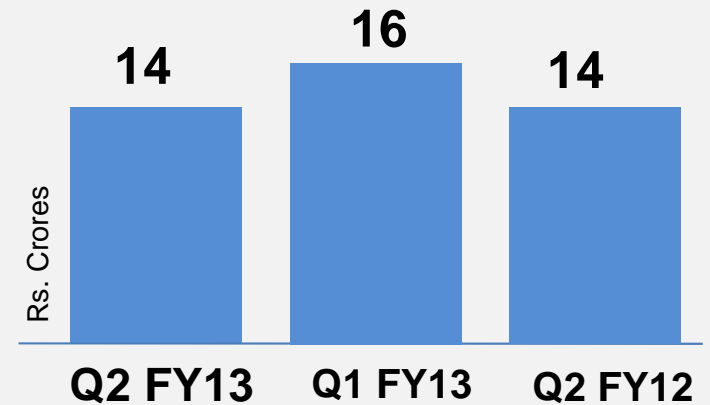


Rapid Growth in Tablets

Learning

- ❑ Introduced tablets & PC dongles for students bundled with course content
- ❑ Introduced our K-12 content in Middle East & Africa. Getting traction

Learning Revenue

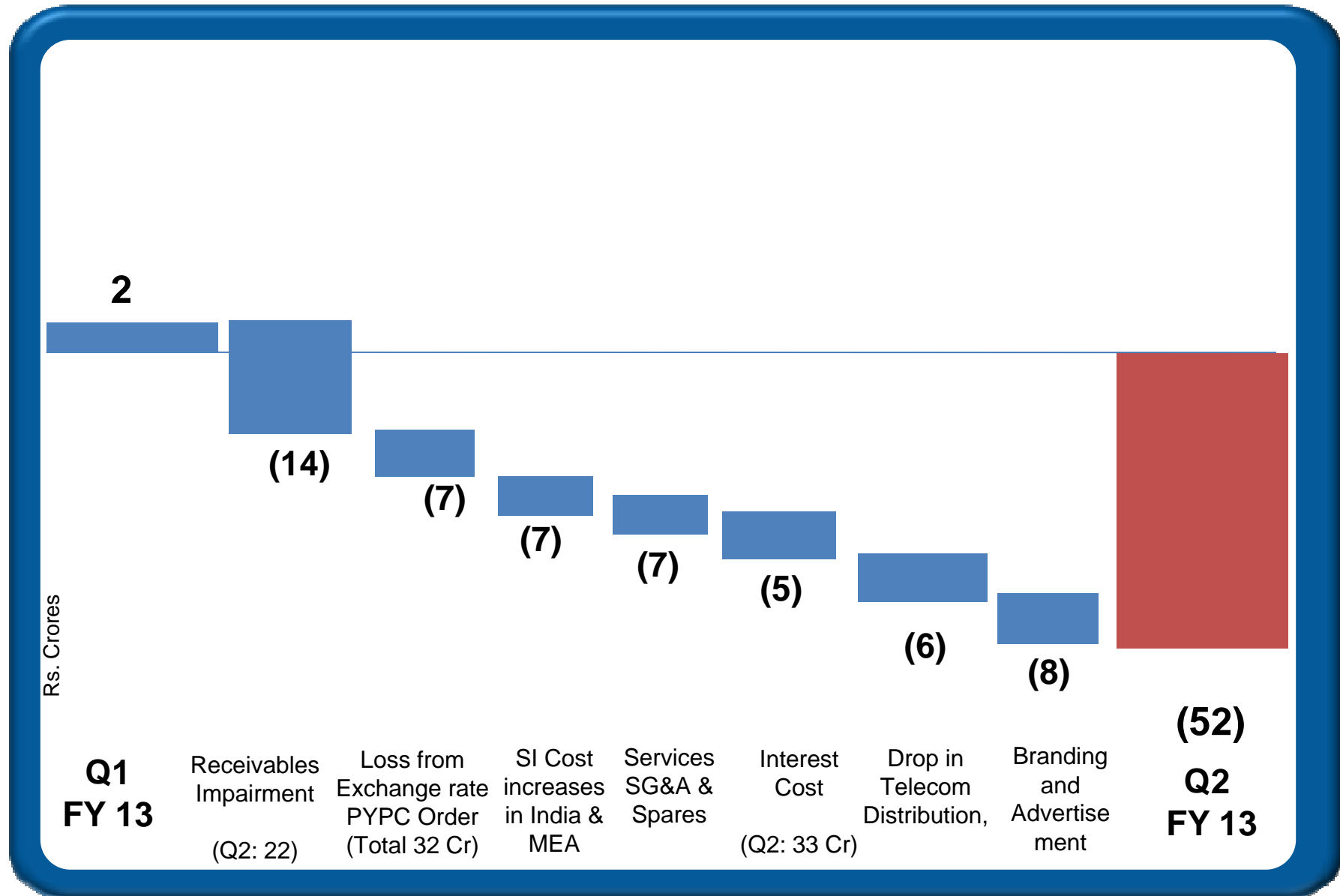


Cyclical business with bulk of schools buying in Feb-June.

Business Break up – Revenue

Consolidated Revenue	Unaudited			Rs. Crores	
	Q2 FY 13	Q1 FY 13	Q2 FY 12	QoQ Growth	YoY Growth
- Enterprise Hardware	652	383	446	70%	46%
- Systems Integration	256	132	118	95%	117%
- Consumer Computing & Mobility	156	133	130	17%	20%
- Overseas	22	42	30	-47%	-26%
Solutions Business	1,086	689	724	58%	50%
Services Business	145	136	137	7%	6%
Learning Business	14	16	14	-14%	-3%
- Telecom Distribution	1,337	1591	1707	-16%	-22%
- Digital Entertainment	132	123	116	7%	13%
Distribution Business	1,468	1,714	1,822	-14%	-19%
Infinet Business	-	-	5		
Intersegment / Adjustments	-108	-98	-12		
Total Revenue	2,606	2,456	2,691	6%	-3%

Results Highlights – Consolidated PBT



Key Focus Areas for FY 13

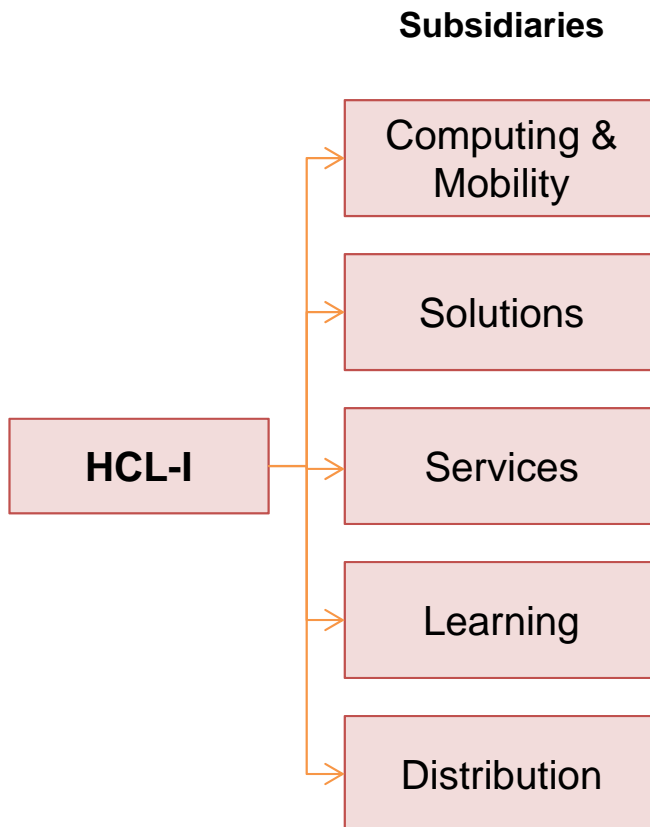
- ❑ Growth of Multi-brand services for Enterprise and Consumer businesses
- ❑ Growth of Multi-brand distribution in Digilife Distribution & Marketing Services
- ❑ Growth of Learning portfolio
 - ❑ Direct to consumer & Content IP monetisation
- ❑ Ramp up of UIDAI MSP project
- ❑ Explore various strategic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

Restructuring

We have initiated a re-structuring initiative to bring higher focus and customized strategic approach for our diverse businesses

We are re-organizing our diverse businesses in various subsidiaries...

...and undertaking various actions to prepare our businesses for future



- Dedicated subsidiaries to allow enhanced operational and financial freedom along with agility to respond faster to changing business environment for each of the businesses
- Creating a leaner Hardware and Solutions organization to ensure profitability and growth even in this challenging economic environment
- Investing in building capabilities for our growth focus areas of Services and Distribution

Restructuring

We expect multiple benefits as a result of our ongoing re-structuring initiative...

- ✓ **Focused management orientation** to each of the businesses with **individual specialization** and **leadership vision**;
- ✓ **Greater visibility** on the operational and financial performance of each business;
- ✓ **Independence** as well as **accountability** for each of the business segments;
- ✓ **Opportunities** for strategic partnership for growth of the business; and
- ✓ **Flexibility** for fund raising capability for future growth and expansion

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