

HCL Infosystems Limited

Q2 FY16 Investor Update

27th January 2016



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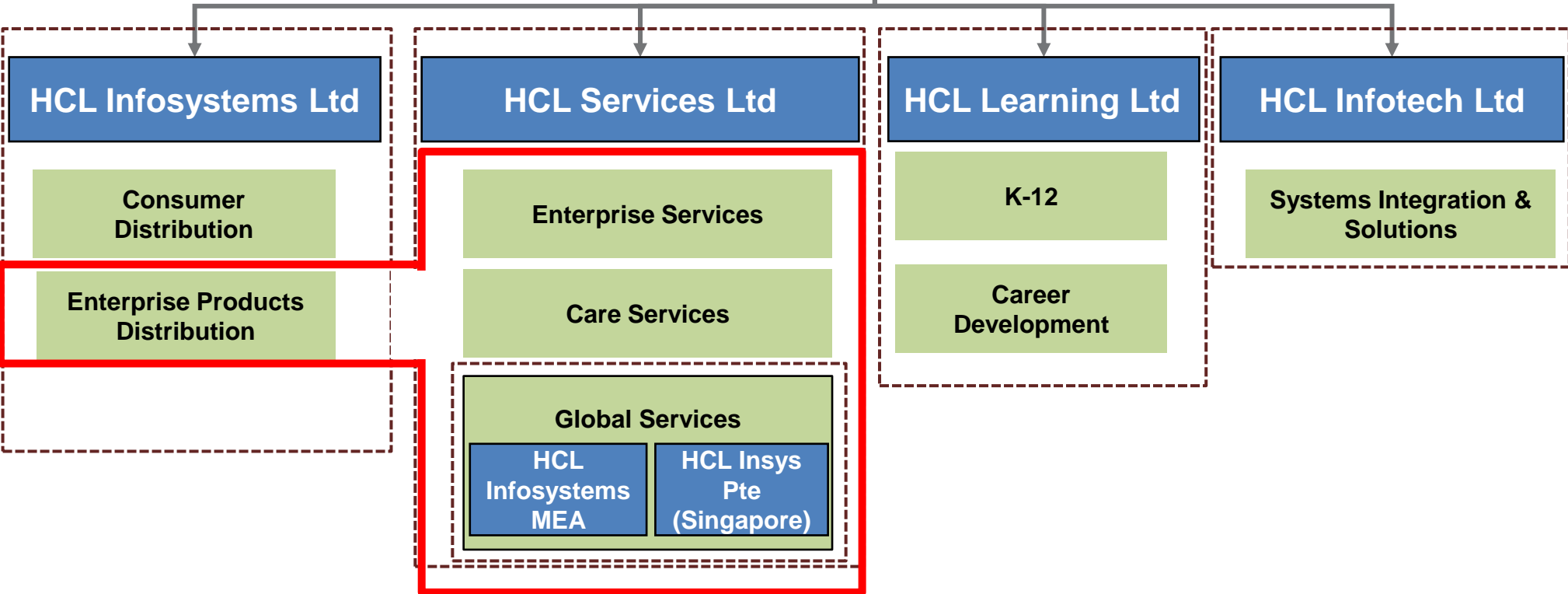
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The enclosed financials provide a line of business wise view based on unaudited management accounts to provide more granularity and are not as per reported segments.

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Structured for Growth



Highlights – Q2

Business Highlights

- Q2 2016 revenue was Rs. 1,147 Cr. vs. Rs. 1,471 Cr. in Q1 2016, a contraction of 22%
- Enterprise Business revenue increased 35% Y-o-Y
 - Enterprise Products Distribution records a strong Q-o-Q growth of 6% and Y-o-Y growth of 74% in revenues
 - Enterprise Services (Domestic & Global) registered Q-o-Q growth of 1% and 16% Y-o-Y growth
 - Care business grew by 2.5% Q-o-Q and 5% Y-o-Y
- Consumer Business revenue contracts 37% Q-o-Q
 - Consumer Distribution faced volume & margin pressure on account of ongoing product & price rationalization by the Principal
- Profit / (Loss) before interest tax & provision for doubtful debts/write-off & impairment in Q2 was Rs. (20.6) Cr
- Profit / (Loss) before tax for Q2 was Rs. (64.0) Cr. vs loss of Rs. (48.5) Cr. in Q1
- SI - Project execution has been the focus, with one large Defence project achieving commercial closure and another Defence / Power project nearing commercial closure

Key Recognitions

- HCL Consumer Services won CMO Global Marketing Excellence Awards in Retail and Telecom Services category
- HCL Infotech won the 'Data Centre Initiative of the Year' award for its outstanding contribution as a technology infrastructure and service partner to the Government.

Enterprise Business

- Enterprise Products Distribution
- Enterprise Services
 - Domestic
 - Global
- Care (Consumer Services – B2B2C)

Our focus and achievements in the Enterprise Business continues to be on track

- The tie-ups with key OEMs and the value added framework is seeing positive response from enterprises and enterprise channels
- The emerging services space of Infra-application integration in corporate is evolving well
- Cloud, Mobility & IOT traction is good
- Global business continues to grow

Q2 FY16 P&L - Snapshot

Unaudited ₹ crores

Q2 FY16	Particulars	Consumer Business	Enterprise business				Unallocated / Eliminations	Total	Q1FY16
		Consumer Distribution	Enterprise Distribution	Services	Learning	SI & Solutions			
1	Consolidated Revenue	567	214	254	5	140	(32)	1,147	¹ 1,471
2	Profit / (Loss) before provision for doubtful debts / write-off and impairments	13.9	(4.6)	(3.3)	(2.8)	(2.1)	(21.7)	(20.6)	² (9.0)
3	Provision for doubtful debts / write-off and impairments	0.0	0.0	5.2	2.3	2.7	0.1	10.3	³ 14.3
4	Other Income (including exceptional items)	0.0	0.3	0.3	0.0	0.0	1.4	2.1	6.6
5	Profit / (Loss) before Interest and Tax (2-3+4)	13.9	(4.3)	(8.2)	(5.0)	(4.8)	(20.4)	(28.8)	(16.7)
6	Net Finance Cost							35.2	31.7 ⁴
7	Profit / (Loss) Before Tax							(64.0)	(48.5) ⁵
Q1 FY16	Profit / (Loss) before Interest and Tax (2-3+4)	18.9	(13)	(2.3)	(4.9)	(6.1)	(9.2)	(16.7)	

- Overall revenue declined from Rs. 1471 cr. in Q1 to Rs. 1147 cr. in Q2.
- Loss before provision for doubtful debts / write-off & impairment increased from 9.0 cr. in Q1 to 20.6 cr. in Q2.
- Provisions lower at Rs. 10.3 cr. in Q2 vs. Rs. 14.3 cr. in Q1

- Net Finance Cost increased from Rs. 31.7cr. in Q1 to Rs. 35.2 cr. in Q2
- The Loss before tax increased from Rs. 48.5 cr. in Q1 to Rs. 64 cr. in Q2

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.

Q2 FY16 P&L - Snapshot

Unaudited ₹ crores

Q2 FY16	Particulars	Consumer Business	Enterprise Business	Learning	SI & Solutions	Unallocated / Eliminations	Total	Q1FY16
1	Consolidated Revenue	567	468	5	140	(32)	1,147	¹ 1,471
2	Profit / (Loss) before provision for doubt debts / write-off and impairments	13.9	(8.0)	(2.8)	(2.1)	(21.7)	(20.6)	² (9.0)
3	Provision for doubtful debts / write-off and impairments	0.0	5.2	2.3	2.7	0.1	10.3	³ 14.3
4	Other Income (including exceptional items)	0.0	0.6	0.0	0.0	1.4	2.1	6.6
5	Profit / (Loss) before Interest and Tax (2-3+4)	13.9	(12.5)	(5.0)	(4.8)	(20.4)	(28.8)	(16.7)
6	Net Finance Cost						35.2	31.7
7	Profit / (Loss) Before Tax						(64.0)	(48.5)
Q1 FY16	Profit / (Loss) before Interest and Tax (2-3+4)	18.9	(15.3)	(4.9)	(6.1)	(9.2)	(16.7)	

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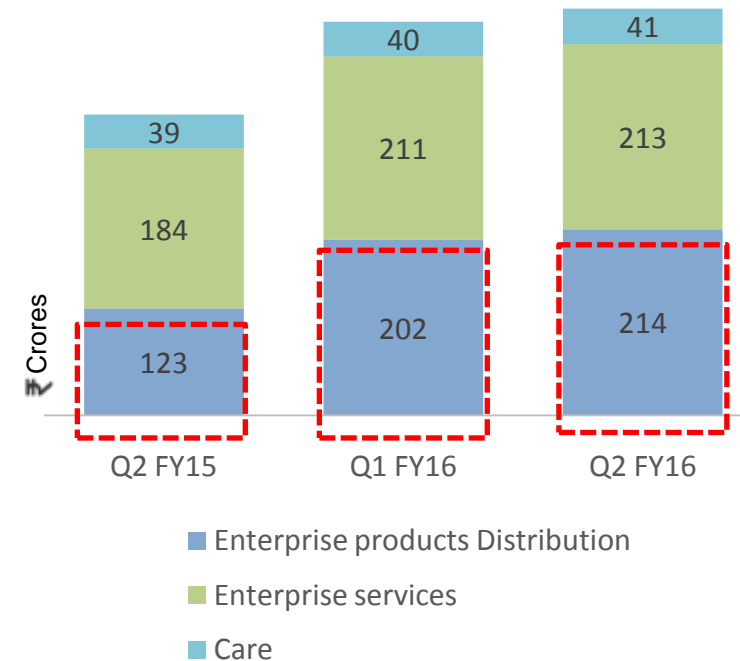
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Enterprise Business - Enterprise Products Distribution (1/4)

Positive acceleration phase – stabilizing

- Revenue growth of 6% Q-o-Q
- Portfolio expansion continued with new OEM / Product Tie-ups
- Major customer acquisitions continued – registering new channel partners
- Business & operational synergies of integrated 'Go To Market' with our Enterprise Services Business yielding results. Tech Refresh plus Tech Lifecycle extension emerging as a sweet spot in the on-premise space.

Enterprise Business Revenue

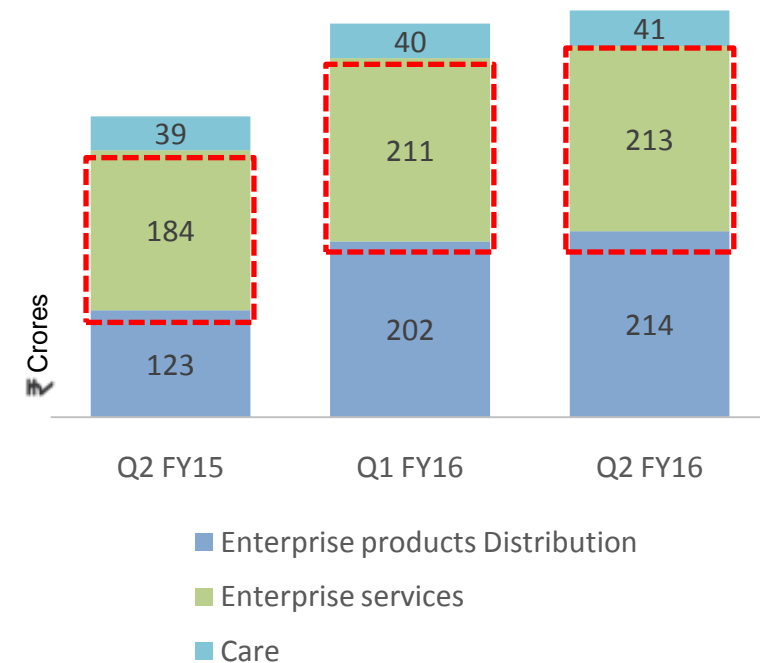


Enterprise Business – Enterprise Services (2/4)

Enterprise Services (Domestic & Global):

- 16% Y-o-Y revenue growth
- Key large customer wins during the last quarter. New partnerships signed with large global OEMs
- Continued focus and investments in service delivery capability enhancement & emerging technologies
- Booking pipeline running at CAGR of > 20%

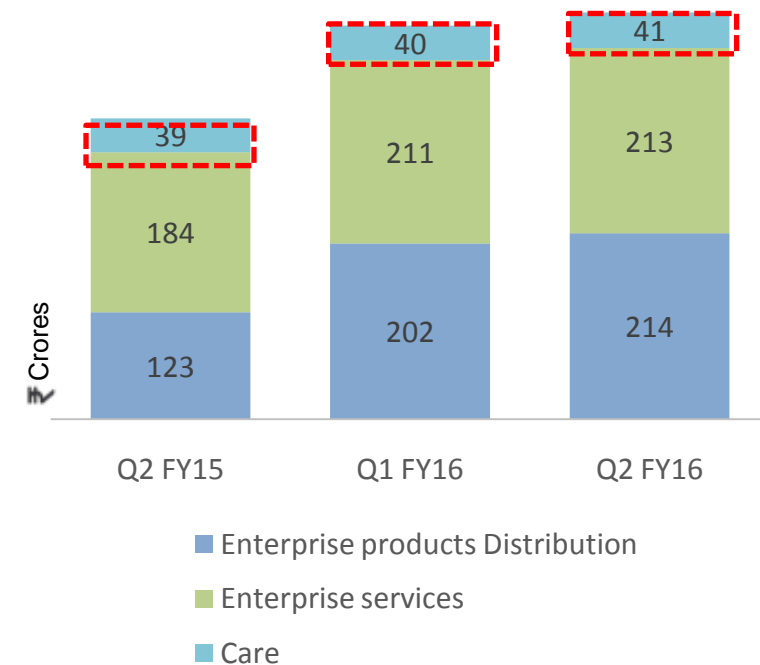
Enterprise Business Revenue



Care

- Achieved 5% growth Y-o-Y
- Rollout out exclusive Service Centers for key OEM's during the quarter; rollout to continue into Q3 as well.

Enterprise Business Revenue



Enterprise business (4/4)

Unaudited ₹ crores

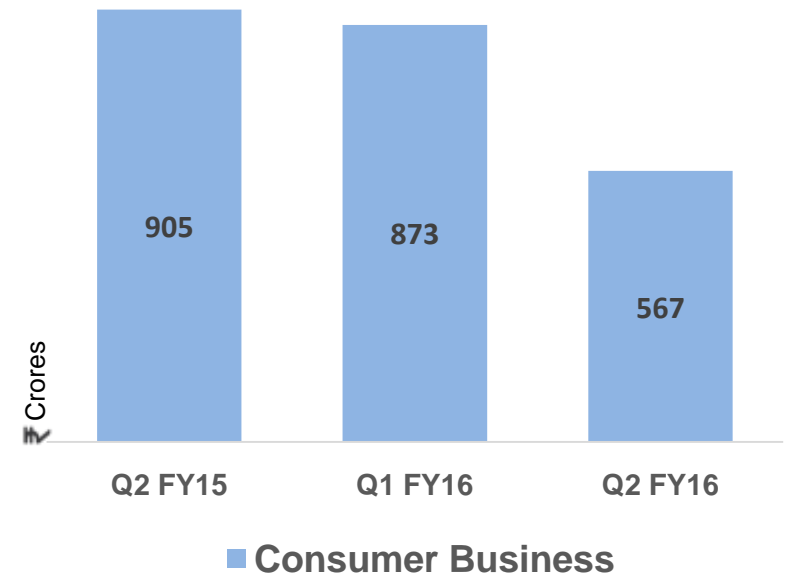
S.No.	Particulars	Q2 FY15	Q1 FY16	Q2 FY16
1	Consolidated Revenue	346	453	468
2	Profit / (Loss) before Exchange differences and Provisions for doubtful debts / write-off and impairments	(0.5)	(7.2)	(8.0)
3	Provisions for doubtful debts / write-off and impairments	7.8	8.3	5.2
4	Other Income	0.0	0.2	0.6
5	Profit / (Loss) before Interest and Tax (2-3+4)	(8.2)	(15.3)	(12.5)

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Consumer Business – Consumer Distribution (1/2)

- Further strengthening of partnership with Microsoft
 - Expansion in Product Category – Strategic Microsoft ‘Surface’ Distribution Tie Up
 - HCL is Pan India Distributor for all Segments of Microsoft Devices - Urban Distribution added as new Segment from 1st Jan 2016, albeit with pressure on margins
- Q2 revenue declined 35%:
 - Continuing product and price rationalization by Principal led to lower sales & margin pressure
- Business Tie Up for Acer notebooks for online sales channel.

Consumer Business Revenues



Consumer Business (2/2)

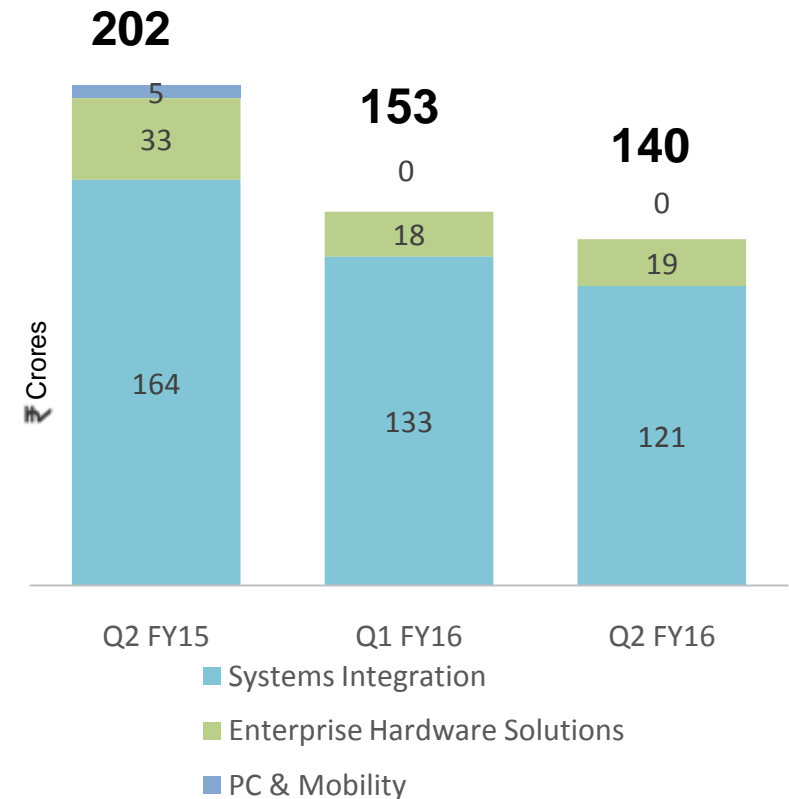
Unaudited ₹ crores

S.No.	Particulars	Q2 FY15	Q1 FY16	Q2 FY16
1	Consolidated Revenue	905	873	567
2	Profit / (Loss) before Exchange differences and Provision for doubtful debts / write-off and impairments	21.9	19.2	13.9
3	Provision for doubtful debts / write-off and impairments	0.0	0.4	0.0
4	Other Income	0.0	0.0	0.0
5	Profit / (Loss) before Interest and Tax (2-3+4)	21.9	18.9	13.9

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System Integration and Solutions (1/2)

- **Continued focus on execution** – Projects executed in Q2 - Rs. 152 Cr.
- The UIDAI project continued to progress well, reaching an enrolment of more than 95.26 crore as on 31st December 2015.
- Major Defence Projects enabled for commercial closure
- Good progress achieved in Power Projects.
- Financial inclusion has won two large contracts during the quarter



System Integration and Solutions (2/2)

Unaudited ₹ crores

S.No.	Particulars	Q2 FY15	Q1 FY16	Q2 FY16
1	Consolidated Revenue	202	153	140
2	Profit / (Loss) before Exchange differences and Provision for doubtful debts / write-off and impairments	(0.3)	(5.0)	(2.1)
3	Provision for doubtful debts / write-off and impairments	18.6	1.5	2.7
4	Other Income	0.0	0.3	0.0
5	Profit / (Loss) before Interest and Tax (2-3+4)	(18.9)	(6.1)	(4.8)

SI & Solutions –

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

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Questions?

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