

HCL Infosystems Limited

Quarterly Investor Update

15th May 2013



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Business Highlights and Lowlights

Highlights

- Growth in our big growth areas
 - Enterprise Services: +8% Q-o-Q
 - Mobility: +50% Q-o-Q
 - Non Telecom IT and DE Distribution: +43% Q-o-Q
 - Learning: +30% Q-o-Q
- Managed Services business ramping up.
- SI additional orders @ Rs. 600 cr
- SI order backlog at Rs. 4000 cr

Lowlights

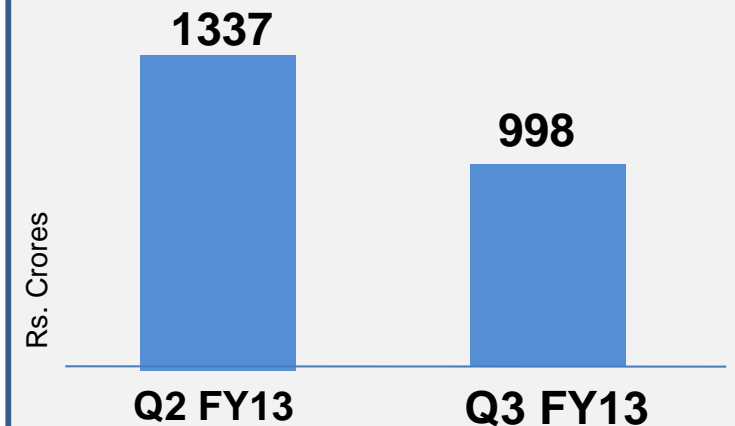
- Steep decline in Telecom Distribution revenues by (25%) Q-o-Q.
- Sequential de-growth in Computing hardware
- Slow movement on Old SI Projects – Cost increases and slow moving receivables

Distribution – Telecom Distribution, Digital Entertainment

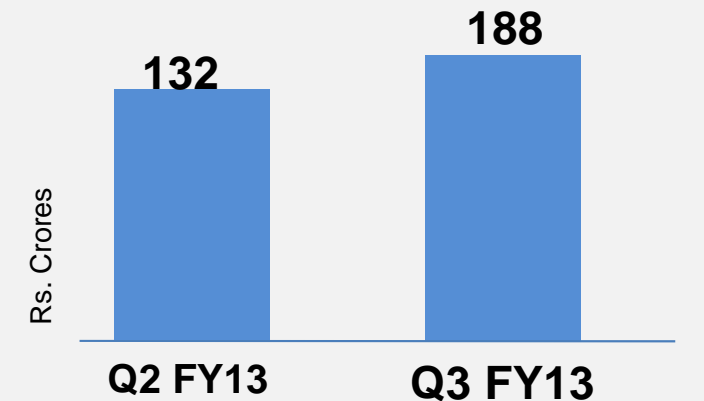
- ❑ Volume decline in Telecom distribution business
- ❑ Continued growth in IT and Consumer Electronics Distribution business
 - ❑ Revenue growth of healthy 43% QoQ

New logos added: Molex, Pantum, Huawei, ZTE, Tyco, Penta, D-link, Unistall, Viewsonic, Sukam UPS and Simmtronics

Telecom Distribution Revenue



Digital Entertainment Revenue



Enterprise Business – Solutions & SI

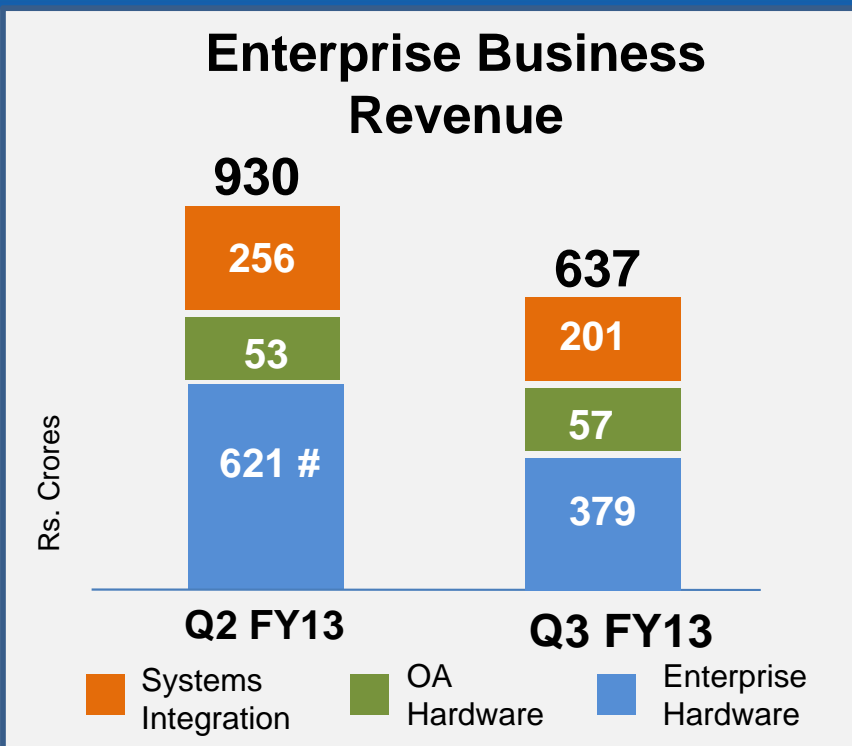
❑ SI Business: Healthy order book

- ❑ Rs. 600 cr orders added in Q3, bid under new norms
- ❑ Order Backlog at Rs. 4000 cr

❑ Challenging environment continues

- ❑ IT industry de-growth...putting margin pressures
- ❑ Delay in Projects => Cost increases, Interest costs on Working Capital

❑ BR Impairment provisions, Interest, Cost escalation on delayed projects **impacting Profitability**



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

Enterprise Services & Care

❑ New Wins in **Managed Services**

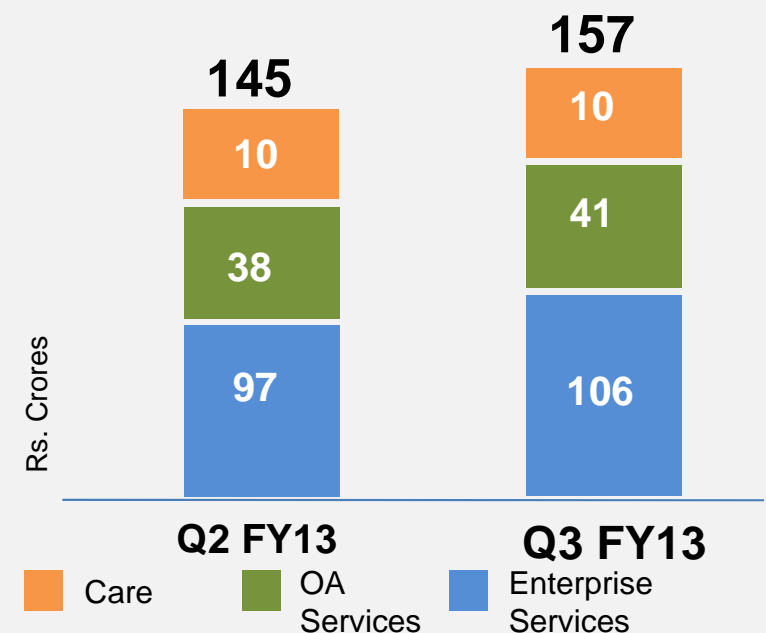
Business – India and Singapore.

- ❑ 10 large deals in India
- ❑ 3 significant wins in Singapore
- ❑ Order book position (ACV) from Rs. 70 cr. to Rs. 170 cr.

❑ **Care Business** – Won major orders from Samsung, ZTE, The Mobile Store.

- ❑ Launched 8 “Touch” Stores in Delhi/NCR.

Enterprise Services & Care Business Revenue



Mobility, Consumer & SMB Computing

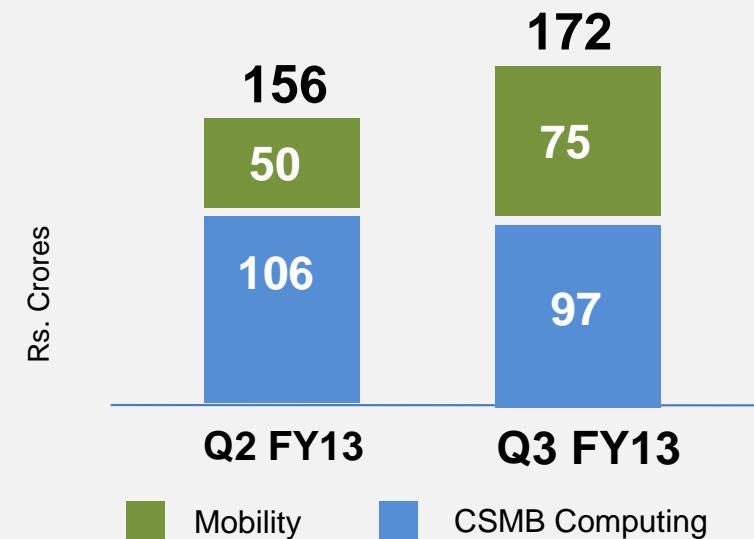
❑ Mobility Business

- ❑ 50% QoQ growth despite competition from low-cost players
- ❑ Launched Tablets in Turkey
- ❑ HCL ME TAB surpasses Samsung as the #1 selling Android Brand in the United Arab Emirates*

❑ Consumer Computing Business

- ❑ De-growth in PC Industry impacting business and margins
- ❑ Sluggish growth

Consumer Computing & Mobility Revenues

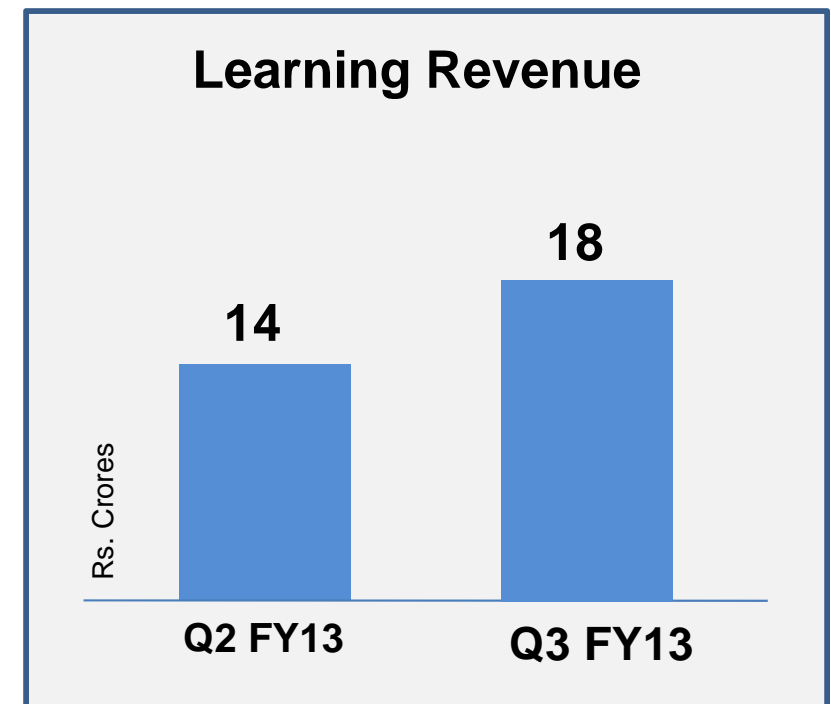


Tablets: sustained Growth Story

*Based on Volume Sales, Week 10, GfK Weekly Leader Panel, Media Tablets

Learning

- ❑ Revenue growth of +30% QoQ
- ❑ Digischool crosses 3000 schools and access to 3 mn students
- ❑ Introduced tablets & PC dongles for students bundled with course content
- ❑ Introduced our K-12 content in Middle East & Africa. Getting traction

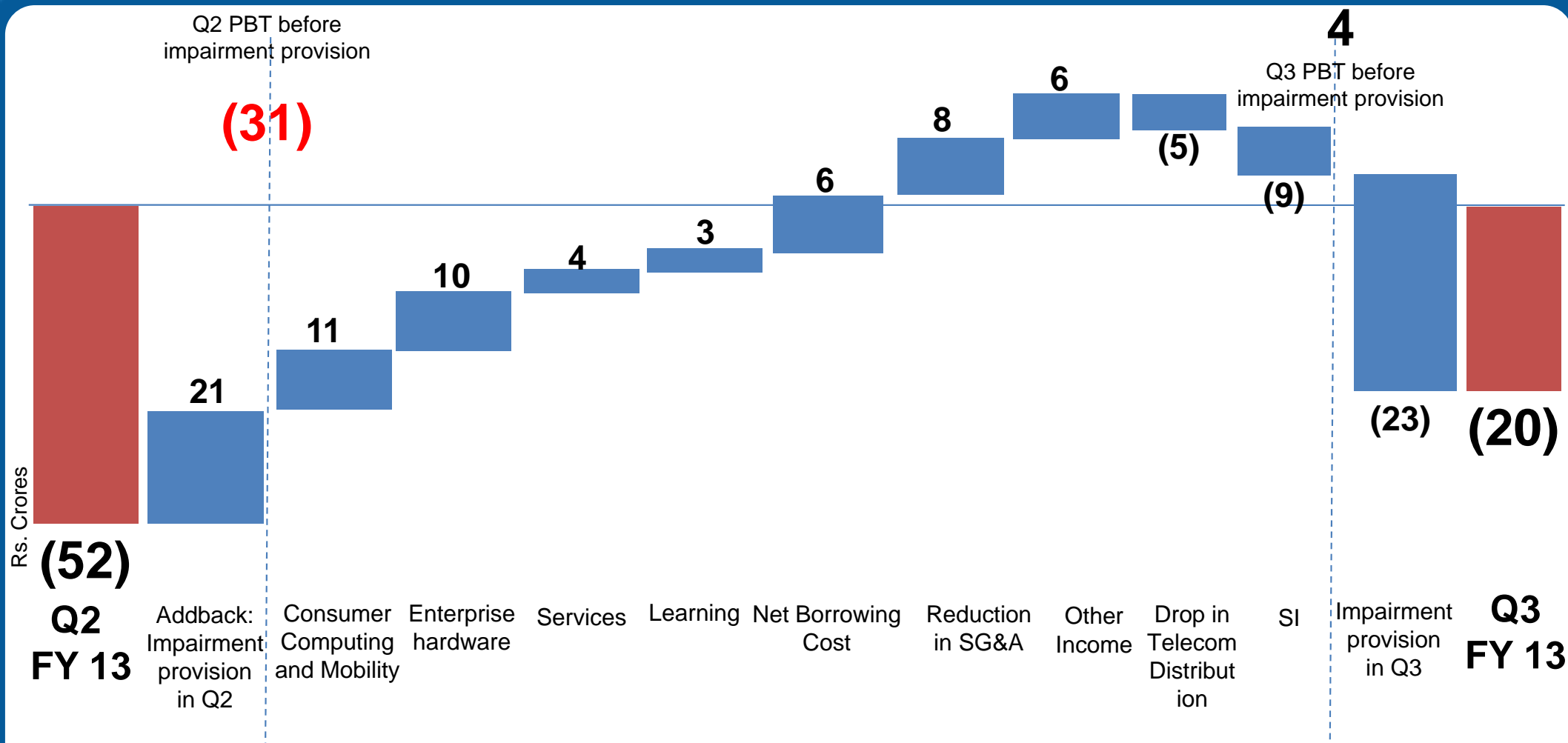


Cyclical business with bulk of schools buying in Feb-June.

Business Break up – Revenue

		Unaudited		Rs. Crores
Consolidated Revenue	Q3 FY 13	Q2 FY 13	QoQ Growth	
- Enterprise Hardware	398	652	(39%)	
- Systems Integration	201	256	(21%)	
- Consumer Computing & Mobility	172	156	10%	
- Overseas	39	22	74%	
Solutions Business	809	1,086	(25%)	
- Enterprise Services	147	135	9%	
- Care Services	10	10	(2%)	
Services Business	157	136	8%	
Learning Business	18	14	35%	
- Telecom Distribution	998	1,337	(25%)	
- Digital Entertainment	188	132	43%	
Distribution Business	1,186	1,468	(19%)	
Intersegment / Adjustments	-76	-108		
Total Revenue	2,095	2,606	(20%)	

Results Highlights – Consolidated PBT



Key Focus Areas for FY 13

Key Focus Areas

- ❑ 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

Update

- ❑ New Deals added in Services Business
 - ❑ Enterprise services revenues grew 9% QoQ
 - ❑ Care Services revenues degrew 2% QoQ
- ❑ New Logos being added in Non Telecom Distribution business
 - ❑ Non Telecom IT and DE Distribution revenues grew 43% QoQ
- ❑ Learning revenues grew 35% QoQ
- ❑ UIDAI: Rs. 244 crores of revenue recognised till date.

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...

Subsidiaries

HCL - I

Computing & Mobility

Solutions

Services

Learning

Distribution

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

- Dedicated subsidiaries to allow enhanced operational and financial freedom
- Leaner Hardware and Solutions organization to ensure profitability and growth
- Investing in building capabilities for our growth focus areas of Services and Distribution

Update

- Scheme of arrangement filed with Stock exchange / SEBI for approval. On receipt of approval, the scheme shall be filed with High Court.
- **Cost Optimization:**
 - Leaner organisation - Rs. 40 cr. cost optimization annualized basis.
 - Rs. 15 cr. annualized cost optimization underway.

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