

HCL Infosystems Limited

Q4 & FY17 Investor Update

31st May 2017



Disclaimer

This may contain "forward-looking" information including statements concerning HCL's outlook for the future, as well as other statements of beliefs, future plans and strategies or anticipated events, and similar expressions concerning matters that are not historical facts. The forward-looking information and statements are subject to risks and uncertainties that could cause actual results to differ materially from those that may be inferred to be expressed in, or implied by, the statements. HCL assumes no obligation to publicly update or revise these forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied therein do not materialize. All Trademarks are the sole property of their respective owners.

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.

Legal Notice

Although considerable care has been taken in preparing and maintaining the information and material contained herein, HCL makes no representation nor gives any warranty as to the currency, completeness, accuracy or correctness of any of the elements contained herein. Facts and information contained herein are believed to be accurate at the time of posting. However, information may be superseded by subsequent disclosure, and changes may be made at any time without prior notice. HCL shall not be responsible for, or liable in respect of, any damage, direct or indirect, or of any nature whatsoever, resulting from the use of the information contained herein.

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.

Structured for Growth

Legal entity

Business Unit

HCL Infosystems

HCL Infosystems Ltd

Consumer
Distribution

Enterprise Products
Distribution

HCL Services Ltd

Enterprise Services

Care Services

Global Services

HCL
Infosystems
MEA

HCL Insys
Pte
(Singapore)

HCL Infotech Ltd

Systems Integration &
Solutions

HCL Learning Ltd

Enterprise
Business

Highlights – Q4 FY17

Business Highlights

- Q4 FY17 revenue was Rs. 823 Cr. vs. Rs. 765 Cr. in Q3 FY17, an increase of 8% Q-o-Q
- Enterprise Business witnessed revenue growth of 16% Q-o-Q and 2% Y-o-Y
 - Enterprise Products Distribution - revenue growth of 31% Q-o-Q and 6% Y-o-Y
 - Enterprise Services - revenue decline of 1% Q-o-Q and 4% Y-o-Y
- Consumer Business revenue declined 26% Q-o-Q
 - Decline due to our transition to multi-brand strategy; discussion with OEMs in progress
- In SI business, execution and collections on track. Rs. 155 Cr collected in Q4
- HCL Learning entered into a strategic arrangement with Everest Edusys and Solutions Pvt Ltd through a business transfer agreement for the slump sale of its Digischool business. Subsequent to the closure of the said acquisition, M/s Everest Edusys and Solutions Pvt Ltd would become an associate company of HCL Learning Ltd
- Loss before interest, tax & exceptional items for Q4 was Rs. (25.5) Cr vs. Rs. (18.5) Cr in Q3
- Exceptional items for the quarter include impairment of goodwill for Rs. 11 Cr and Rs. 50 Cr for Learning and Services businesses respectively. This has no impact on cash flows.
- Loss before tax and after exceptional items for Q4 was Rs. (131.9) Cr vs. Rs. (65.8) Cr in Q3

Q4 P&L - Snapshot

Unaudited ₹ crores

Q4 FY17	Particulars	Consumer Business	Enterprise Business	Learning	SI & Solutions	Unallocated / Eliminations	Total	Q3	Q2	Q1
1	Consolidated Revenue	163	566	2	98	(6)	823 ¹	765	1,002	1,148
2	Profit / (Loss) before provision for doubtful debts / write-off and expected credit loss	(0.7)	(6.8)	(2.4)	(11.1)	(1.5)	(22.5) ²	(15.6)	1.3	4.0
3	Provision for doubtful debts / write-off and expected credit loss	0.0	0.9	1.4	7.2	0.0	9.5	7.0	8.3	11.2
4	Other Income	0.0	3.7	0.0	0.1	2.7	6.5	4.1	3.7	2.7
5	Profit / (Loss) before Interest and Tax (2-3+4)	(0.7)	(4.0)	(3.8)	(18.2)	1.2	(25.5)	(18.5)	(3.3)	(4.5)
6	Net Finance Cost						45.4 ³	47.3	45.8	41.3
7	Profit / (Loss) Before Tax						(70.9) ⁴	(65.8)	(49.1)	(45.8)
8	Exceptional Item (Goodwill write-off for Learning & Services)						61.0 ⁵	0.0	0.0	0.0
9	Profit / (Loss) Before Tax & after Exceptional Items						(131.9)	(65.8)	(49.1)	(45.8)
Q3	Profit / (Loss) before Interest and Tax (2-3+4)	2.3	(11.5)	(1.7)	(11.0)	3.4	(18.5)			
Q2	Profit / (Loss) before Interest and Tax (2-3+4)	3.3	(18.5)	(0.5)	11.2	1.2	(3.3)			
Q1	Profit / (Loss) before Interest and Tax (2-3+4)	10.7	(28.0)	(2.4)	13.3	1.9	(4.5)			

- Overall revenue increased from Rs. 765 cr in Q3 to Rs. 823 cr in Q4
- Loss before provision for doubtful debts / write-off & expected credit loss increased from Rs.(15.6) cr in Q3 to Rs. (22.5) cr in Q4
- Net Finance Cost decreased from Rs. 47.3 cr in Q3 to Rs. 45.4 cr in Q4

- The Loss before tax & exceptional items increased from Rs. (65.8) cr in Q3 to Rs. (70.9) cr in Q4
- Exceptional items include impairment of goodwill for Rs. 11 Cr and Rs. 50 Cr for Learning and Services businesses respectively.

Q4 P&L - Snapshot

Unaudited ₹ crores

Q4 FY17	Particulars	Consumer Distribution	Enterprise Distribution	Services	Learning	SI & Solutions	Unallocated / Eliminations	Total	Q3	Q2	Q1
1	Consolidated Revenue	163	335	231	2	98	(6)	823 ¹	765	1,002	1,148
2	Profit / (Loss) before provision for doubtful debts / write-off and expected credit loss	(0.7)	0.0	(6.8)	(2.4)	(11.1)	(1.5)	(22.5) ²	(15.6)	1.3	4.0
3	Provision for doubtful debts / write-off and expected credit loss	0.0	(1.6)	2.5	1.4	7.2	0.0	9.5	7.0	8.3	11.2
4	Other Income	0.0	0.0	3.7	0.0	0.1	2.7	6.5	4.1	3.7	2.7
5	Profit / (Loss) before Interest and Tax (2-3+4)	(0.7)	1.6	(5.6)	(3.8)	(18.2)	1.2	(25.5)	(18.5)	(3.3)	(4.5)
6	Net Finance Cost							45.4 ³	47.3	45.8	41.3
7	Profit / (Loss) Before Tax							(70.9) ⁴	(65.8)	(49.1)	(45.8)
8	Exceptional Item (Goodwill write-off for Learning & Services)							61.0 ⁵	0.0	0.0	0.0
9	Profit / (Loss) Before Tax & after Exceptional Items							(131.9)	(65.8)	(49.1)	(45.8)
Q3	Profit / (Loss) before Interest and Tax (2-3+4)	2.3	(2.6)	(8.9)	(1.7)	(11.0)	3.4	(18.5)			
Q2	Profit / (Loss) before Interest and Tax (2-3+4)	3.3	(2.5)	(16.0)	(0.5)	11.2	1.2	(3.3)			
Q1	Profit / (Loss) before Interest and Tax (2-3+4)	10.7	(5.4)	(22.6)	(2.4)	13.3	1.9	(4.5)			

- Overall revenue increased from Rs. 765 cr in Q3 to Rs. 823 cr in Q4
- Loss before provision for doubtful debts / write-off & expected credit loss increased from Rs.(15.6) cr in Q3 to Rs. (22.5) cr in Q4
- Net Finance Cost decreased from Rs. 47.3 cr in Q3 to Rs. 45.4 cr in Q4

- The Loss before tax & exceptional items increased from Rs. (65.8) cr in Q3 to Rs. (70.9) cr in Q4
- Exceptional items include impairment of goodwill for Rs. 11 Cr and Rs. 50 Cr for Learning and Services businesses respectively.

Enterprise Business (1/2)

Enterprise Products Distribution

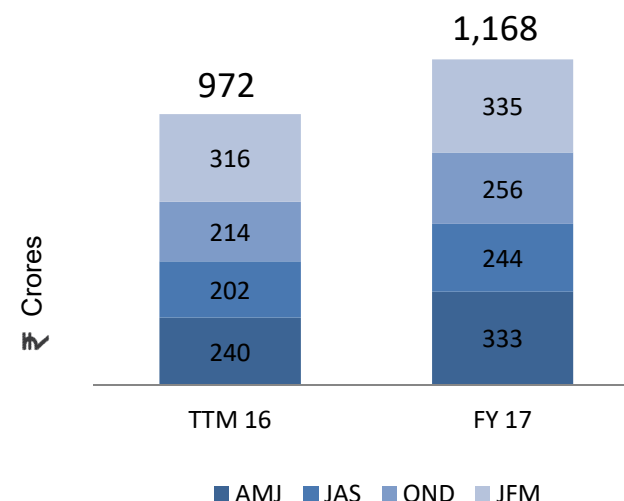
- Revenue growth in Q4 was 31% Q-o-Q & 6% Y-o-Y
- Higher sales from channel partners & OEMs
- Growth in overall market coupled with year end seasonality impact

Enterprise Services*

- Revenue decline of 1% Q-o-Q & 4% Y-o-Y
- Despite ongoing contract rationalization revenue remains flat due to new orders booked in Q3
- Service delivery excellence has led to new deals coming through OEMs
- HCL Services has been recognized as Oracle Platinum partner

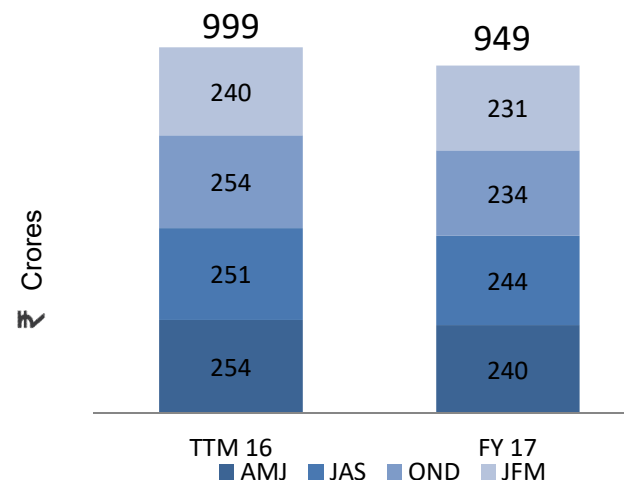
Y-o-Y movement in charts relates to JFM 17 vs JFM 16. For TTM 16 we have depicted FY16 (9 months) and Q4 FY15 (JFM 15) to enable comparison with FY17 (12 months)

Products Distribution Revenue



Enterprise Services Revenue

*Includes HCL Care business



Enterprise business (2/2)

Unaudited ₹ crores

S.No.	Particulars	Q1	Q2	Q3	Q4	FY 17
1	Consolidated Revenue	573	488	490	566	2,117
2	Profit / (Loss) before Exchange differences and Provisions for doubtful debts / write-off and expected credit loss	(21.9)	(11.6)	(9.6)	(6.8)	(49.9)
3	Provisions for doubtful debts / write-off and expected credit loss	6.6	7.4	2.8	0.9	17.7
4	Other Income	0.5	0.5	0.9	3.7	5.6
5	Profit / (Loss) before Interest and Tax (2-3+4)	(28.0)	(18.5)	(11.5)	(4.0)	(62.0)

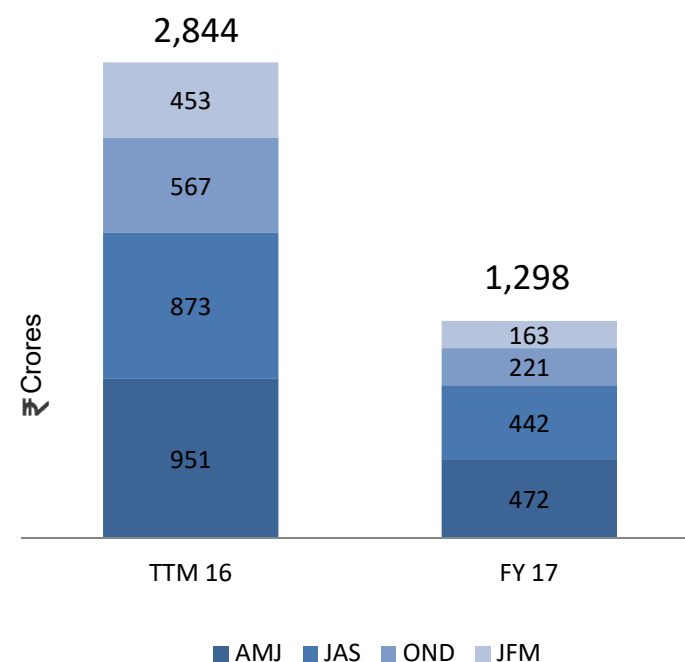
Loss before interest & tax declined Q-o-Q during the year

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)

- 26% Q-o-Q revenue decline due to our transition to multi-brand strategy
- Discussion with OEMs in progress
- Profitability impacted due to decline in revenue

Consumer Distribution Revenues



Unaudited management accounts

Y-o-Y movement in charts relates to JFM 17 vs JFM 16. For TTM 16 we have depicted FY16 (9 months) and Q4 FY15 (JFM 15) to enable comparison with FY17 (12 months)

Consumer Business (2/2)

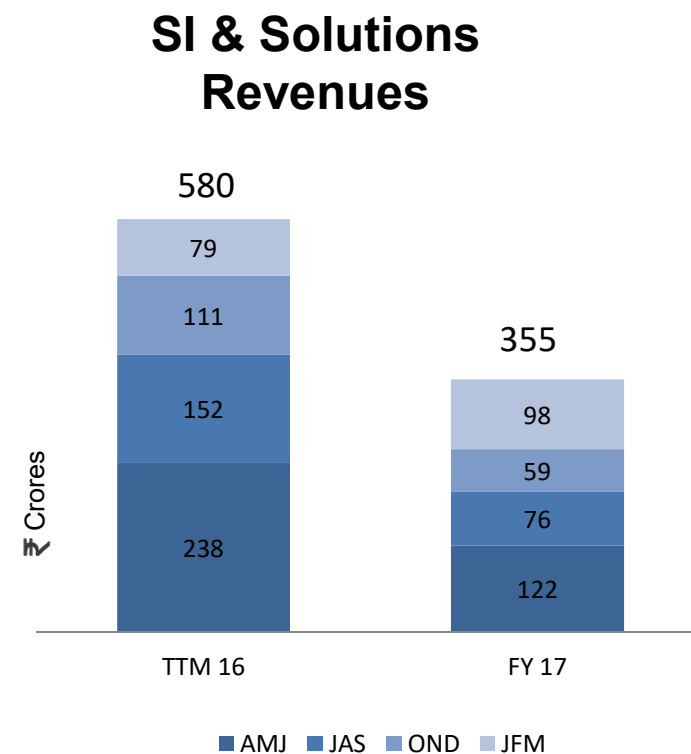
Unaudited ₹ crores

S.No.	Particulars	Q1	Q2	Q3	Q4	FY 17
1	Consolidated Revenue	472	442	221	163	1,298
2	Profit / (Loss) before Exchange differences and Provisions for doubtful debts / write-off and expected credit loss	10.5	3.1	1.5	(0.7)	14.4
3	Provisions for doubtful debts / write-off and expected credit loss	(0.2)	(0.2)	(0.8)	0.0	(1.2)
4	Other Income	0.0	0.0	0.0	0.0	0.0
5	Profit / (Loss) before Interest and Tax (2-3+4)	10.7	3.3	2.3	(0.7)	15.6

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)

- **Sustained Execution Focus**
 - Projects worth Rs. 60 Cr signed off in Q4
 - Pending order book at ~ Rs.880 Cr
 - Build phase ~ Rs. 200 Cr,
 - Managed Services ~ Rs. 175 Cr.
 - Support Services & Annuity ~ Rs. 500 Cr
- Enabled the design, development and deployment of the DCN project & closed Network acceptance testing for 60 sites across the country in Q4.
- Collection of Rs. 155 Cr during the JFM 17 quarter



Unaudited management accounts

Y-o-Y movement in charts relates to JFM 17 vs JFM 16. For TTM 16 we have depicted FY16 (9 months) and Q4 FY15 (JFM 15) to enable comparison with FY17 (12 months)

System Integration and Solutions (2/2)

Unaudited ₹ crores

S.No.	Particulars	Q1	Q2	Q3	Q4	FY 17
1	Consolidated Revenue	122	76	59	98	355
2	Profit / (Loss) before Exchange differences and Provisions for doubtful debts / write-off and expected credit loss	17.4	10.7	(7.3)	(11.1)	9.7
3	Provisions for doubtful debts / write-off and expected credit loss	4.2	0.4	3.7	7.2	15.5
4	Other Income	0.1	0.9	0.0	0.1	1.1
5	Profit / (Loss) before Interest and Tax (2-3+4)	13.3	11.2	(11.0)	(18.2)	(4.7)

SI & Solutions –

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

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.

FY17 P&L - Snapshot

Unaudited ₹ crores

FY17	Particulars	Consumer Business	Enterprise business		Learning	SI & Solutions	Unallocated / Eliminations	Total	9M FY16
		Consumer Distribution	Enterprise Distribution	Services					
1	Consolidated Revenue	1,298	1,168	949	13	355	(45)	3,738	3,656
2	Profit / (Loss) before provision for doubtful debts / write-off and expected credit losses	14.4	(6.9)	(43.0)	(6.4)	9.7	(0.4)	(32.6)	(11.2)
3	Provision for doubtful debts / write-off and expected credit losses	(1.2)	2.5	15.2	2.0	15.5	2.1	36.1	38.9
4	Other Income (including exceptional items)	0.0	0.5	5.1	0.0	1.1	10.4	17.1	10.0
5	Profit / (Loss) before Interest and Tax (2-3+4)	15.6	(8.9)	(53.1)	(8.4)	(4.7)	7.9	(51.6)	(40.2)
6	Net Finance Cost							180.1	111.5
7	Profit / (Loss) Before Tax							(231.7)	(151.8)
8	Exceptional Item (Goodwill write-off for Learning & Services)							61.0	67.2
9	Profit / (Loss) Before Tax & after Exceptional Items							(292.7)	(219.0)
9M FY16	Profit / (Loss) before Interest and Tax (2-3+4)	33.5	(28.2)	(42.1)	(9.4)	(1.6)	(4.4)	(40.2)	

- Cash losses of current year funded entirely through improvement in net working capital, without any significant increase in the net debt during the year.
- Financials of previous year (9MFY16) are not comparable with the FY17 (12 months) figures in the Total Column

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.

Questions?

Please join Q&A Session on Audio Conference

Primary Dial in Access Toll Free Number – 1800 120 1298

Back Up Access Toll Free Number – 1800 200 0209

Participant Pin - 57418556#

Dial above number, enter participant pin for joining the conference

HCL Infosystems - Investor Relations

Sumeet Ahluwalia

sumeet.ahluwalia@hcl.com

