

30th January, 2020

To

The General Manager Department of Corporate Relations BSE Limited Sir Phiroze Jeejeebhoy Towers Dalal Street Fort Mumbai 400 001	The Vice President Listing Department The National Stock Exchange of India Limited Exchange Plaza Bandra Kurla Complex Bandra (East) Mumbai 400 051
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Sub: Investor Conference call update Regulation 30 (6) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Symbol: NSE : HCL-INSYS
BSE (For Physical Form): 179
BSE (For Demat Form): 500179

Dear Sirs,

Pursuant to Regulation 30 (6) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby wish to inform you that the Investor conference call was held at 28th January, 2020 where we invited public shareholders at large.

We request you to kindly take this on your records as per the requirement of Listing Regulations and oblige.

The Investor Presentation is enclosed.

Very Truly Yours,
For HCL Infosystems Limited

Sushil Kumar Jain
Company Secretary & Compliance Officer

Encl: As above.

HCL Infosystems Limited

Q3 FY20 Investor Update

28th January 2020

HCL

Disclaimer

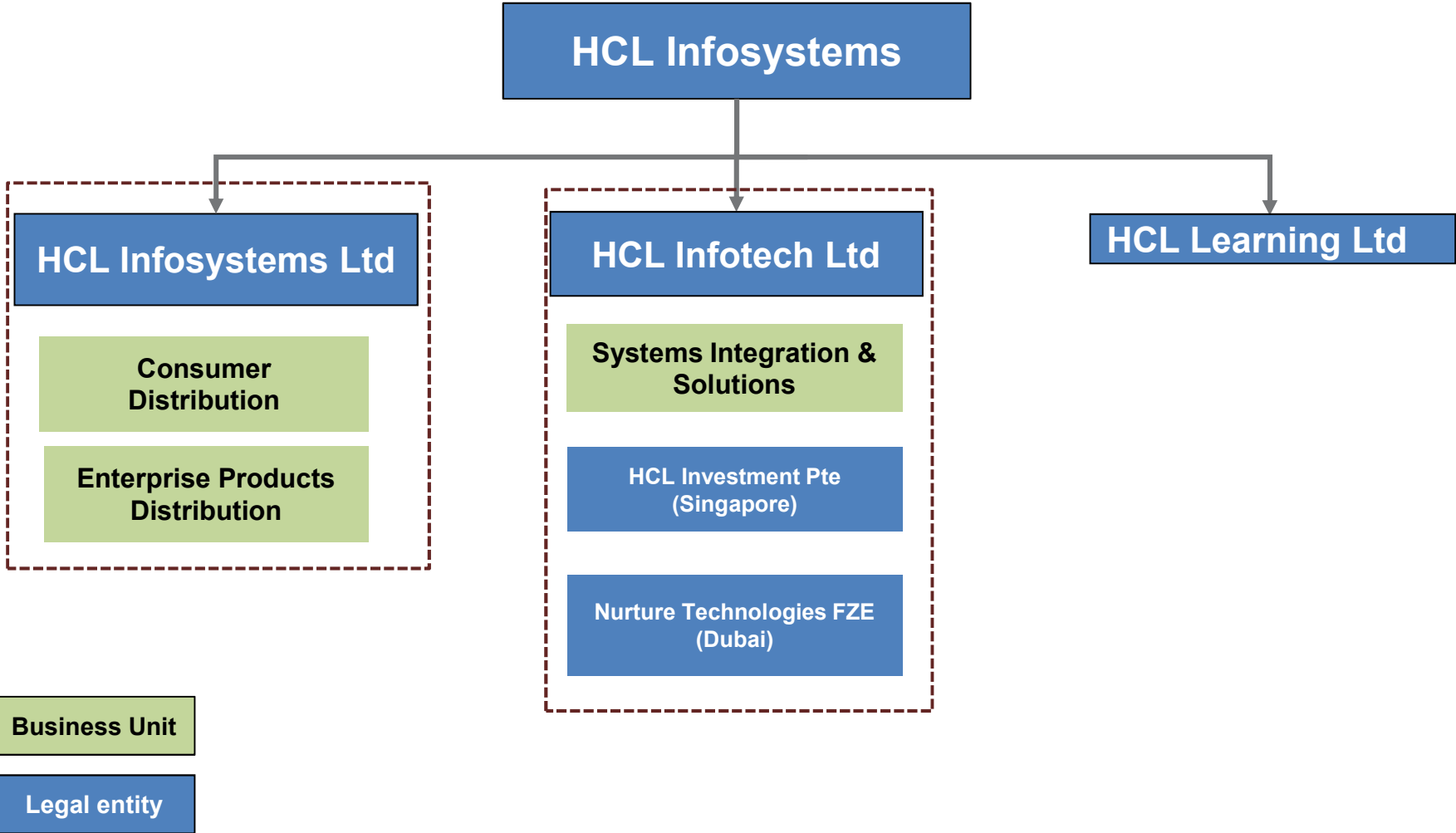
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The enclosed financials provide a line of business wise view based on unaudited management accounts to provide more granularity and are not as per reported segments.

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Organisation Structure



Q3FY20 Update

Business Highlights

- Q3 FY20 revenue at Rs. 429 Cr vs. Rs. 582 Cr in Q2 FY20
- Distribution business revenue at Rs. 386 Cr in Q3FY20 versus Rs. 545 Cr in Q2FY20
 - Enterprise Distribution revenue at Rs. 259 Cr in Q3FY20 versus Rs. 310 Cr in Q2FY20
 - Consumer Distribution revenue at Rs. 127 Cr in Q3FY20 versus Rs. 235 Cr in Q2FY20
- Loss before interest, tax and exceptional items (from continuing operations) was Rs. 57.1 Cr in Q3FY20 vs. Rs. 26.1 Cr in Q2FY20
- Profit Before Tax & after Exceptional Items (from continuing operations and discontinued operations) was Rs. 75.3 Crore in Q3FY20 vs. loss of Rs. 39.6 Crore in Q2FY20

Discontinued Operations

- On 6th August, 2019, the company had approved the sale of shares of HCL Insys Pte. Ltd, Singapore to PCCW Solutions Limited, Hong Kong. Pursuant to this, on 15th November, 2019, the company concluded the sale of the entire shareholding of HCL Insys Pte. Ltd. to PCCW for a consideration of SGD 57.6 mn (Rs. 303.4 Cr). This transaction was in line with the Company's strategy to focus on rationalization and monetizing its businesses and assets to reduce its debt obligations. As a result, the performance of this business has been classified as part of 'Discontinued Operations'.

Q3 P&L – Snapshot of results

							Unaudited	₹ crores
Q3 FY20	Particulars	Distribution	Learning	SI & Solutions	Unallocated / Eliminations	Total	Q2FY20	
1	Consolidated Revenue	386	4	39	(0.0)	429 ¹	582	
2	Profit / (Loss) before provision for doubtful debts / write-off and expected credit loss	(11.4)	3.5	(10.1)	(6.6)	(24.6)	(12.5)	
3	Provision for doubtful debts / write-off and expected credit loss	0.0	0.0	34.7	0.0	34.7 ²	18.2	
4	Other Income	0.0	0.0	(0.5)	1.7	2.2	4.6	
5	Profit / (Loss) before Interest and Tax (2-3+4)	(11.4)	3.5	(44.3)	(4.9)	(57.1) ³	(26.1)	
6	Net Finance Cost					19.4 ⁴	24.5	
7	Profit / (Loss) before Tax					(76.5)	(50.6)	
8	Exceptional Item						9.4 ⁵	
9	Profit / (Loss) before Tax & after exceptional items					(76.5)	(41.2)	
10	Profit Before Tax & after Exceptional Items (from discontinued operations)					151.8 ⁶	1.6	
11	Profit Before Tax & after Exceptional Items (from continuing operations and discontinued operations)					75.3	(39.6)	

- Overall revenue for the quarter was Rs. 429 Cr
- Provisions were at Rs. 34.7 Cr (mainly in SI) in Q3 vs Rs. 18.2 Cr in Q2
- Loss before interest & tax was Rs. 57.1 Cr in Q3 vs. Loss of Rs. 26.1 Cr in the previous quarter

- Net Finance Cost was Rs. 19.4 Cr in Q3 vs. Rs. 24.5 Cr in previous quarter
- There was an exceptional item of Rs. 9.4 Cr in Q2 due to gain on sale of property
- Gain on sale of HCL Insys Pte was Rs. 150.3 Cr

Q3 P&L – Snapshot of results

Unaudited ₹ crores

Q3 FY20	Particulars	Consumer Distribution	Enterprise Distribution	Learning	SI & Solutions	Unallocated / Eliminations	Total	Q2FY20
1	Consolidated Revenue	127	259	4	39	(0.0)	429¹	582
2	Profit / (Loss) before provision for doubtful debts / write-off and expected credit loss	(0.5)	(10.9)	3.5	(10.1)	(6.6)	(24.6)	(12.5)
3	Provision for doubtful debts / write-off and expected credit loss	0.0	0.0	0.0	34.7	0.0	34.7²	18.2
4	Other Income	0.0	0.0	0.0	(0.5)	1.7	2.2	4.6
5	Profit / (Loss) before Interest and Tax (2-3+4)	(0.5)	(10.9)	3.5	(44.3)	(4.9)	(57.1)³	(26.1)
6	Net Finance Cost						19.4⁴	24.5
7	Profit / (Loss) before Tax						(76.5)	(50.6)
8	Exceptional Item							9.4⁵
9	Profit / (Loss) before Tax & after exceptional items						(76.5)	(41.2)
10	Profit Before Tax & after Exceptional Items (from discontinued operations)						151.8⁶	1.6
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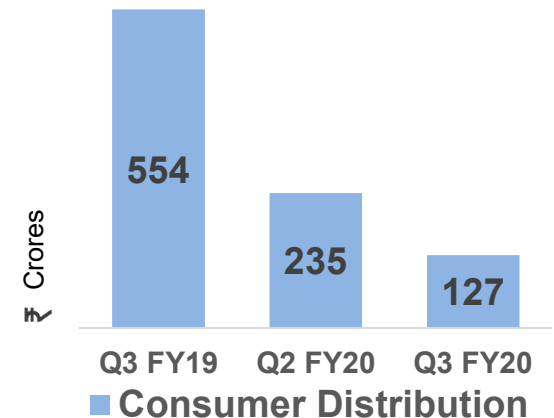
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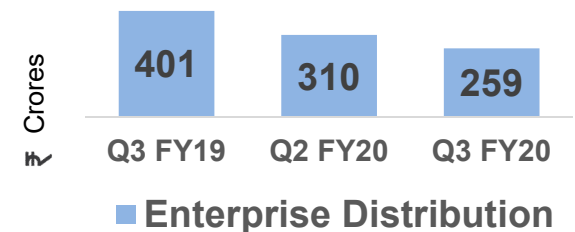
Distribution

- **Consumer distribution** revenue was Rs. 127 Crore in Q3FY20 vs. Rs. 235 Crore in Q2FY20. The decline was mainly due to decrease in online channel sales of the Principal.
- **Enterprise distribution** revenue was Rs. 259 Crore in Q3FY20 vs. Rs. 310 Crore in Q2FY20. The decline in revenue can be attributed to weak market demand and a competitive business environment.
- In view of the current financial stress faced by the Consumer & Enterprise Distribution businesses resulting in decline in sales and increase in losses, the Board had appointed a reputed independent consulting firm to review these businesses. Based on their report and inputs of the management team, the board in their meeting dated 27th January 2020 noted that because of low margin contracts, tough market conditions and the current financial position of the Company, the Distribution businesses of the Company are declining and incurring greater losses. Consequently, the Board recommended that in order to limit future financial losses, the Consumer and Enterprise Distribution Business be gradually scaled down over the next few quarters.

Consumer Distribution Revenue



Enterprise Distribution Revenue



Distribution

Unaudited ₹ crores

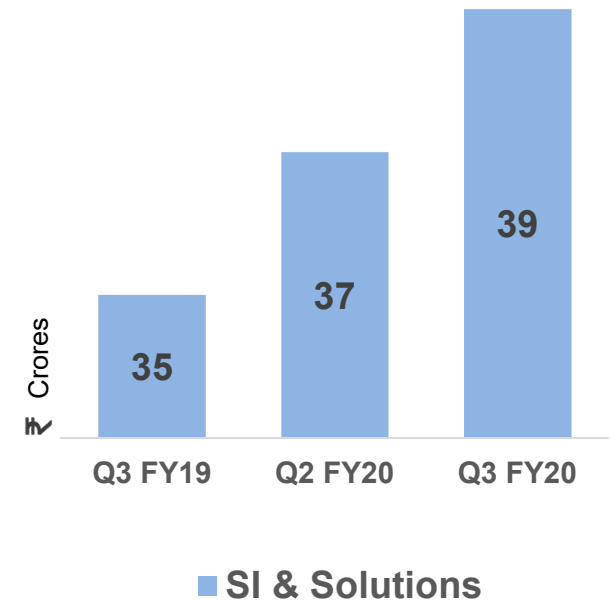
S.No.	Particulars	Q3 FY19 OND	Q2 FY20 JAS	Q3 FY20 OND
1	Consolidated Revenue	955	545	386
2	Profit / (Loss) before provisions for doubtful debts / write-off and expected credit loss	5.1	(2.6)	(11.4)
3	Provisions for doubtful debts / write-off and expected credit loss	0.8	0.2	0.0
4	Other Income	0.7	0.7	0.0
5	Profit / (Loss) before Interest and Tax (2-3+4)	5.0	(2.1)	(11.4)

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

- Pending order book at ~ Rs. 470 cr (incl. UIDAI project extension)
 - Build phase ~ Rs. 35 Cr
 - Managed Services ~ Rs. 80 Cr
 - Support Services & Annuity ~ Rs. 355 Cr
- The business continued to focus on efficient project execution and completion of the current order book. It also focused on customer acceptances to enable collection of receivables as projects reached milestones. The business made a collection of Rs. 40 Cr in the quarter.
- As stated in our earlier communications, we continue to face inordinate delays with certain customer acceptances and payments thereof, especially in the Power Sector. We are constantly engaging with customer for expediting the resolution but the progress has been very slow. During the quarter, we have provided for Rs. 37 Cr on account of SI receivables.

SI & Solutions Revenues



System Integration and Solutions

Unaudited ₹ crores

S.No.	Particulars	Q3 FY19 OND	Q2 FY20 JAS	Q3 FY20 OND
1	Consolidated Revenue	35	37	39
2	Profit / (Loss) before provisions for doubtful debts / write-off and expected credit loss	6.0	(2.7)	(10.1)
3	Provisions for doubtful debts / write-off and expected credit loss / gain	22.4	18.0	34.7
4	Other Income	0.4	0.3	(0.5)
5	Profit / (Loss) before Interest and Tax (2-3+4)	(16.0)	(20.4)	(44.3)

SI & Solutions –

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

Others

1. As at December 31, 2019, the Company and its subsidiaries had net current liabilities of Rs. 339.6 Cr and a loss of Rs. 65.39 Cr for the nine-month period ending on that date. . The losses have resulted in reduction of shareholders' equity to Rs 29 Cr.
2. The losses are primarily as a result of delayed receipts on certain SI contracts, certain historical low margin contracts, slowdown of Distribution businesses and finance costs. The Company's management is pursuing strategies which include scale down of loss making businesses, sale of certain non-core properties and reduction in outstanding debts.
3. To ensure the necessary financial support for its operations the Company has an overall financial assistance limit (in the form of Corporate Guarantee or unsecured loan) by HCL Corporation Private Limited to the extent of Rs. 1,500 Cr of which Rs 250 Cr, is currently utilized. The Company's Board of Directors have a reasonable expectation that the Company will be able to meet all its contractual obligations and liabilities as they fall due in the near future.

Questions?

Please join Q&A Session on Audio Conference

Primary Dial in Access Toll Free Number – 1800 102 9810

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