

6th November, 2019

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 today i.e., 6th November, 2019 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

Q2 FY20 Investor Update

6th November 2019



Disclaimer

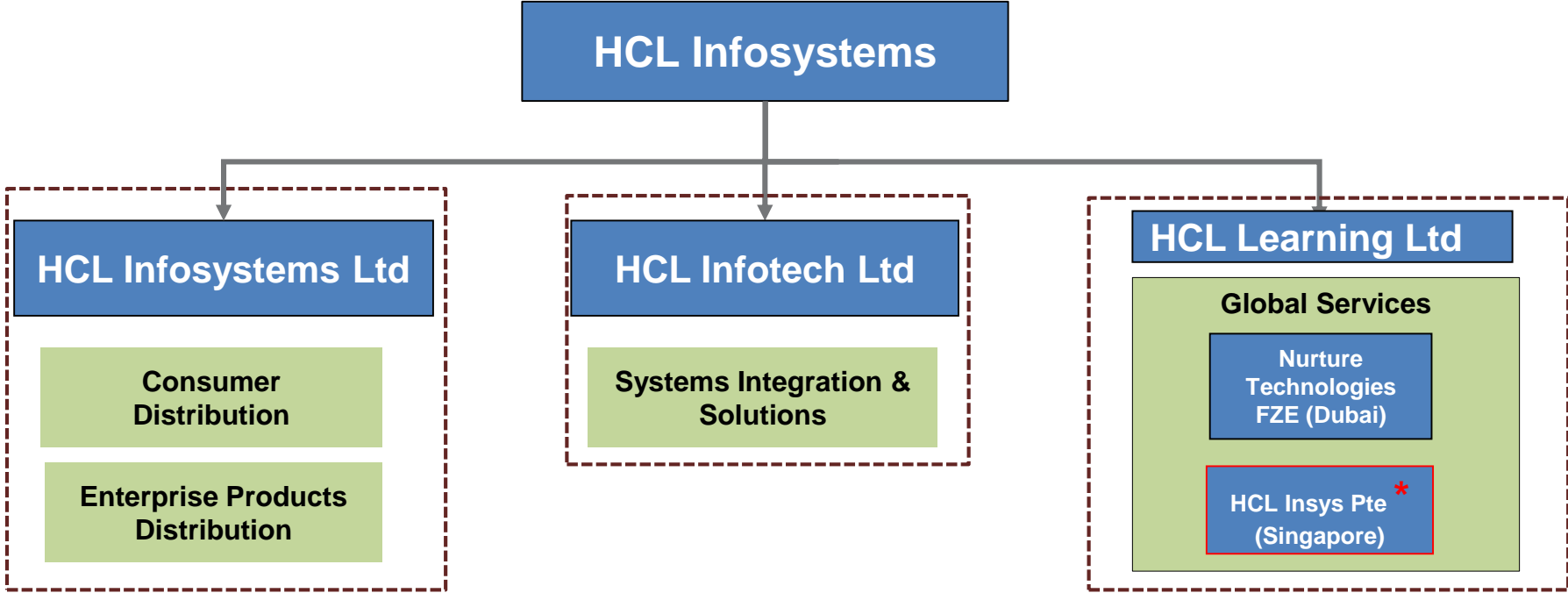
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The enclosed financials provide a line of business wise view based on unaudited management accounts to provide more granularity and are not as per reported segments.

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Organisation Structure



Business Unit

Legal entity

* Discontinued Operations

Q2FY20 Update

Business Highlights

- Q2 FY20 revenue at Rs. 582 Crore vs. Rs. 577 Crore in Q1 FY20
- Distribution business revenue was at Rs. 545 Crore in Q2FY20 vs. Rs. 538 Crore in Q1FY20
 - Enterprise Distribution revenue was Rs. 310 Crore in Q2FY20 vs. Rs. 373 Crore in Q1FY20
 - Consumer Distribution revenue was Rs. 235 Crore in Q2FY20 vs. Rs. 165 Crore in Q1FY20
- Loss before interest, tax and exceptional items was Rs. 26.1 Crore in Q2FY20 vs. Rs. 22.8 Crore in Q1FY20

Discontinued Operations

- Global Services business revenue was at Rs 104 Crore in Q2FY20 with a PBT of Rs. 1.6 Cr
- On 6th August 2019, the company had entered into an agreement to sell its wholly owned subsidiary, HCL Insys Pte. Ltd., Singapore (“HCL Insys”) to PCCW Solutions Limited, Hong Kong for a consideration of SGD 42 Mn plus closing cash balances and adjustments as per SPA. This is in line with Company’s strategy to focus on restructuring 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’.

Q2 P&L – Snapshot of results

Unaudited ₹ crores

Q2 FY20	Particulars	Distribution	Learning	SI & Solutions	Unallocated / Eliminations	Total	Q1FY20
1	Consolidated Revenue	545	1	37	(1.0)	582¹	577
2	Profit / (Loss) before provision for doubtful debts / write-off and expected credit loss	(2.6)	0.5	(2.7)	(7.7)	(12.5)	(19.7)
3	Provision for doubtful debts / write-off and expected credit loss	0.2	0.0	18.0	0.0	18.2²	9.0
4	Other Income	0.7	1.1	0.3	2.5	4.6	5.9
5	Profit / (Loss) before Interest and Tax (2-3+4)	(2.1)	1.6	(20.4)	(5.2)	(26.1)³	(22.8)
6	Net Finance Cost					24.5⁴	24.7
7	Profit / (Loss) before Tax					(50.6)	(47.5)
8	Exceptional Item					9.4⁵	6.2
9	Profit / (Loss) before Tax & after exceptional items					(41.2)	(41.3)
10	Profit / (Loss) before Tax for Discontinued Operations					1.6	1.6

- Overall revenue for the quarter was Rs. 582 Cr
- Provisions were at Rs. 18.2 Cr in Q2 vs Rs. 9 Cr in Q1
- Loss before interest & tax was Rs. 26.1 Cr in Q2, vs. Loss of Rs. 22.8 Cr in the previous quarter

- Net Finance Cost was Rs. 24.5 Cr in Q2 vs. Rs. 24.7 Cr in previous quarter
- There was an exceptional item of Rs. 9.4 Cr in Q2 and Rs. 6.2 Cr in Q1 due to gain on sale of property

Q2 P&L – Snapshot of results

Unaudited ₹ crores

Q2 FY20	Particulars	Consumer Distribution	Enterprise Distribution	Learning	SI & Solutions	Unallocated / Eliminations	Total	Q1FY20
1	Consolidated Revenue	235	310	1	37	(1.0)	582¹	577
2	Profit / (Loss) before provision for doubtful debts / write-off and expected credit loss	3.1	(5.7)	0.5	(2.7)	(7.7)	(12.5)	(19.7)
3	Provision for doubtful debts / write-off and expected credit loss	0.0	0.2	0.0	18.0	0.0	18.2²	9.0
4	Other Income	0.0	0.7	1.1	0.3	2.5	4.6	5.9
5	Profit / (Loss) before Interest and Tax (2-3+4)	3.1	(5.2)	1.6	(20.4)	(5.2)	(26.1)³	(22.8)
6	Net Finance Cost						24.5⁴	24.7
7	Profit / (Loss) before Tax						(50.6)	(47.5)
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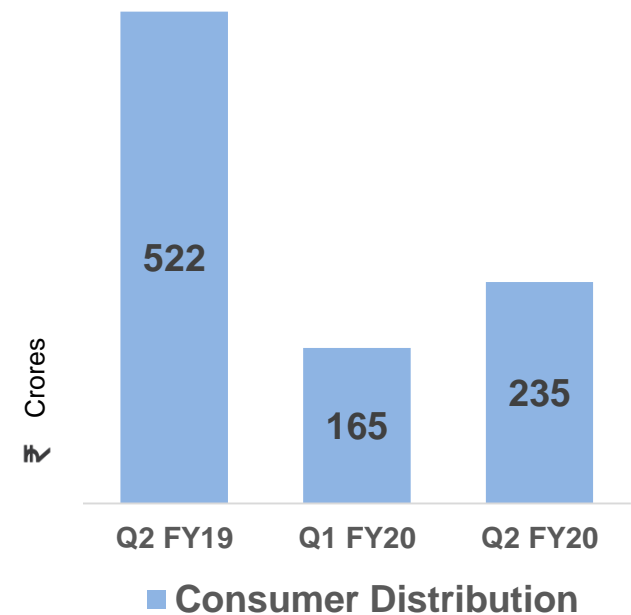
- Net Finance Cost was Rs. 24.5 Cr in Q2 vs. Rs. 24.7 Cr in previous quarter
- There was an exceptional item of Rs. 9.4 Cr in Q2 and Rs. 6.2 Cr in Q1 due to gain on sale of property



Consumer Distribution

- Q2FY20 revenue was Rs. 235 Crore vs. Rs. 165 Crore in Q1FY20
- HMD Global for Nokia handsets was the chief contributor to the revenue of the business in the quarter
- The partnership with Microsoft for its Surface range of products also contributed to the revenue

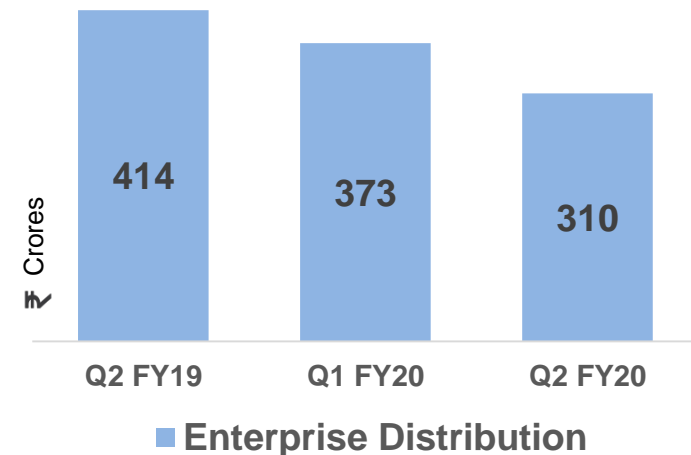
Consumer Distribution Revenue



Enterprise Distribution

- Q2FY20 revenue was Rs. 310 Crore vs. Rs. 373 Crore in Q1FY20
- The decline in revenue can be attributed to competitive environment and market slowdown.
- The channel business maintained its share in the overall revenue as the main contributor.
- The direct business was impacted due to delayed customer decisions.

Enterprise Distribution Revenue



Distribution

Unaudited ₹ crores

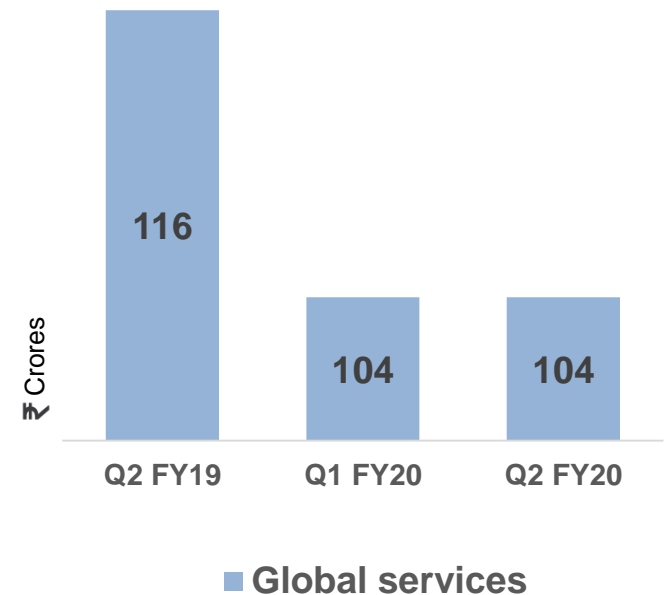
S.No.	Particulars	Q2 FY19 JAS	Q1 FY20 AMJ	Q2 FY20 JAS
1	Consolidated Revenue	936	538	545
2	Profit / (Loss) before provisions for doubtful debts / write-off and expected credit loss	1.1	(6.4)	(2.6)
3	Provisions for doubtful debts / write-off and expected credit loss	0.7	0.6	0.2
4	Other Income	1.9	1.1	0.7
5	Profit / (Loss) before Interest and Tax (2-3+4)	2.3	(5.9)	(2.1)

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.

Global Services

- Q2FY20 revenue was Rs. 104 Crore, same as in Q1FY20
- PBT in Q2FY20 was Rs. 1.6 Cr same as in Q1FY20
- Basis the agreement to sell HCL Insys Pte. Ltd. to PCCW Solutions Limited, the performance of this business has been classified as part of 'discontinued operations'.

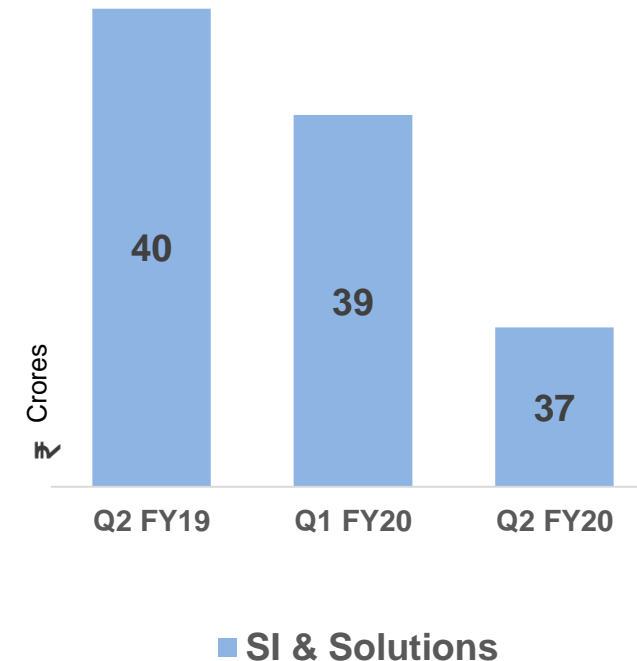
Global Services Revenue



System Integration and Solutions

- Pending order book at ~ Rs. 520 cr (incl. UIDAI project extension)
 - Build phase ~ Rs. 60 Cr
 - Managed Services ~ Rs. 80 Cr
 - Support Services & Annuity ~ Rs. 380 Cr
- The business continued to focus on project completion and the collection of receivables. During the quarter, the business made a collection of Rs. 102 Crore including a sizeable collection from a Ministry of Defense.
- As stated in our earlier releases, we continue to face inordinate delay 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. 14.6 Crore on account of such receivable.

SI & Solutions Revenues



System Integration and Solutions

Unaudited ₹ crores

S.No.	Particulars	Q2 FY19 JAS	Q1 FY20 AMJ	Q2 FY20 JAS
1	Consolidated Revenue	40	39	37
2	Profit / (Loss) before provisions for doubtful debts / write-off and expected credit loss	(10.3)	(5.9)	(2.7)
3	Provisions for doubtful debts / write-off and expected credit loss	0.4	8.3	18.0
4	Other Income	0.6	1.4	0.3
5	Profit / (Loss) before Interest and Tax (2-3+4)	(10.1)	(12.8)	(20.4)

SI & Solutions –

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

Others

- 1 (A) As at 30th September 2019, HCL Infosystems Limited and its subsidiaries (together referred to as "the Group") have net current liabilities of Rs. 519.4 crores and a loss of Rs. 79.9 crores for the six month period then ended. The losses of the Group have resulted in reduction of shareholders' equity to Rs. 24.3 crores.
- 1 (B) The losses are primarily as a result of delayed receipts on certain contracts, certain historical low margin contracts, and finance costs. The Parent Company's management is evaluating and pursuing strategies which include reduction and effective elimination of low margin contracts, discontinuance of clients with delayed payment history, sale of certain non-core properties, reorganizing including aggregation or disposal of some un-remunerative business operations, reduction in outstanding debtors of its system integration business.
- 1 (C) The Parent Company also has a debt refinancing facility backed by HCL Corporation Pvt. Ltd's corporate guarantee to the extent of Rs 250 crores, which is expected to provide necessary support to the operations of the Parent. After considering the matters described above and the expected positive outcome of the sale of HCL Insys Pte Ltd, the Parent's Board of Directors have a reasonable expectation that the Group will be able to meet all its contractual obligations and liabilities as they fall due in the near future.
2. The board and management have engaged an international consulting firm to conduct a comprehensive business review of the enterprise and consumer distribution businesses.

Questions?

Please join Q&A Session on Audio Conference

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