

Quarterly Earning Release

First Quarter FY 13

November 6, 2012

HCL Infosystems Ltd

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FINANCIAL HIGHLIGHTS

QUARTERLY HIGHLIGHTS

➤ Consolidated

- ❖ Revenue at **Rs. 2,456 crores.**
- ❖ Profit before tax and foreign exchange fluctuation impact at **Rs. 14 crores.**

➤ Computer Systems

- ❖ Revenue at **Rs. 760 crores.**
- ❖ PBIT before foreign exchange fluctuation impact at **Rs. 11 crores.**

➤ Telecommunication & Office Automation

- ❖ Revenue at **Rs. 1,696 crores.**
- ❖ PBIT at **Rs. 37 crores.**

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BUSINESS HIGHLIGHTS

Enterprise Business

- Computer Systems segment registered strong growth across different verticals:
 - The company was awarded one of the largest IT contract ever for the Managed Service Provider (MSP) from UIDAI (Unique Identification Authority of India).
 - In the BFSI segment, the company bagged a significant order for Corporation Bank for Automated Data Flow with HCLs BancScan. Also Financial Inclusion order from Rajasthan Gramin Bank and Performance Management System order from RBI were gained by the business
 - The Manufacturing, Retail and Oil vertical won important orders from IOCL and HMSI

BUSINESS HIGHLIGHTS

Enterprise Business

- The company's services business initiatives gained considerable ground with new wins in IMS (Infrastructure management Services) and Cloud offerings. In IMS several new customers in the enterprise and government verticals were added. The company has also realigned its relevant workforce and processes to create an overall robust delivery organization in this space.
- The cloud computing business also added new customers such as ABC Limited, Munkey and National Board of Accreditation. The Cloud business also extended its offerings by launching Disaster Recovery as a Service and also established a new partnership with Sanovi.
- As part of new technologies developed in the company's Jaipur Development Center (JDC), new functionalities were introduced in BancMate CBS, BancMate FI, HRMate, BancScan among others. These new functionalities include developing Retail Lending Module, Online Transaction on laptop using finger print authentication, implement GIS integration with CRM etc. Products such as HrMate, eVitran, BancScan enabled the company to win new customers such as NBA (National Board of Accreditation), Punjab National Bank and Corporation Bank.
- **Overseas**
 - HCL Infosystems MEA, the company's subsidiary based out of Dubai won major orders from Etisalat BTO, Gems Education, Qatar International Bank and Abu Dhabi Police.
 - Also HCL Insys Pte. Limited (Singapore) a wholly owned subsidiary of HCL Infosystems bagged IMS contracts from 10 prestigious Government agencies. The RIM (Remote Infrastructure Management) centre in Singapore became completely operational

BUSINESS HIGHLIGHTS

Consumer Computing and Mobility Business

- The Mobility Business of the company also achieved very high YoY revenue growth. The Mobility business recently did a successful global launch of a new addition to the tablet range – ME TAB G1 in Dubai and in the Middle East market. The business has increased the estimated unit market share from 12% to 18% in the quarter. The business also chalked new partnerships with Spice, Croma, TMS, Sangeetha, Univercell and Poorvika among others. The business also successfully integrated peripherals on the ME tablets such as printers, barcode scanner, smart card reader and biometrics for its enterprise offerings. For businesses Market Survey and Fine Dining applications has been introduced while for consumers, apps like The Times of India, The Economic Times, BigFlix, Ibibo and WeChat were also pre-embedded on the tablets
- The Company also launched the first HCL Ultrabook based on third generation Intel processors. Also two new laptops – HCL ME 1055 and 1065 on Intel 3rd Generation Platform has been launched. In the server category the business won several major orders from SBI for FY 12-13, making its strong presence felt in the BFSI segment
- The business is also successfully tapping into the SMB/SME server market. High End workstation solutions on Nvidia Quadro platform are being built to target high potential untapped markets. There was also a Successful Launch of Intel 3rd Generation platform on Desktops.

Learning Business

- The Learning Business has been registering good growth and some of the educational institutes across the country where HCL Learning partnered this quarter were - Smt. J.B. Khot High School , Maharashtra, Kamaraj Matriculation Higher Secondary and Dawn School, both from Tamil Nadu.HCL CDC (Career Development Centre) introduced tablets for students (bundled with course content). Courses on Mobile application development in ILT (Instruction Led Training) and online mode have also been introduced.

BUSINESS HIGHLIGHTS

Distribution Business

- The Distribution Business added many new partners such as Dell, Lexmark, JBL, Omron, DeLonghi, Norton and Supertooth. The business also launched Power+ brand of accessories.

Office Automation Business

- The company's OA Business won over 20 new customers, 12 of which were major orders including a significant one from Prasar Bharti. The business focused on expanding and bolstering its channel and conducted a National Channel Partner Meet in September 2012.

Care Business

- HCL Care won new clients such as Philips and RIM (Research in Motion). The business introduced Avaya Solution which was implemented in the Global Contact Centre and PC manager Solutions for global customers.
- New Services launched under HCL Care were Multi Brand Break Fix Services and Set-Top box Repair Services.

CONSOLIDATED RESULTS

Quarterly Results

The company reported consolidated revenue of **Rs. 2,456 crores** for the quarter ended September 30, 2012.

Particulars	Q1 FY13	Q4 FY12	Q1 FY12
Consolidated Revenue	2,456	2,726	2,810
Consolidated PBT	2	1	19
Consolidated PBT before foreign exchange fluctuation impact	14	36	41
Consolidated PAT	2	2	12

Consolidated profit before tax and foreign exchange fluctuation impact was **Rs. 14 crores** for the quarter ended September 30, 2012.

Earnings per share:

Basic EPS for the quarter ended September 30, 2012 was **Rs. 0.11 per share** of Rs. 2/- each.

SEGMENT RESULTS

CONSOLIDATED COMPUTER SYSTEMS & OTHER RELATED PRODUCTS SEGMENT

Computer Systems & Related Products and Services

Rs. Crores	Unaudited		
Revenue	Q1 FY12	Q4 FY12	Q1 FY13
Consumer Computing & Mobility	132	197	133
Enterprise Hardware	367	333	271
Services	87	111	88
Systems Integration	107	209	141
Learning	13	46	16
Overseas Operations	80	223	135
Intersegment / Adjustments	-56	-92	-23
Computer Systems & Other related Products and Services	730	1,026	760

Rs. Crores	Unaudited		
Computer Systems & Other related Products and Services	Q1 FY12	Q4 FY12	Q1 FY13
PBIT including Foreign exchange fluctuation	-3	-2	-1
PBIT excluding Foreign exchange fluctuation	13	27	11

CONSOLIDATED TELECOMMUNICATION & OFFICE AUTOMATION SEGMENT

Telecommunication & Office Automation

Rs. Crores	Unaudited		
Revenue	Q1 FY12	Q4 FY12	Q1 FY13
Telecom Distribution	1792	1485	1,526
Digital Entertainment	121	107	130
Office Automation	112	134	100
Overseas Operations	42	30	6
Intersegment / Adjustments	-2	-21	-67
Telecommunication & Office Automation (Net)	2,065	1,735	1,696

Rs. Crores	Unaudited		
Telecommunication & Office Automation	Q1 FY12	Q4 FY12	Q1 FY13
PBIT including Foreign exchange fluctuation	47	22	37
PBIT excluding Foreign exchange fluctuation	54	27	37

CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET

Rs crores

Particulars	Unaudited	Unaudited
	30.09.12	30.06.12
Net Worth	1910	1911
Loans	918	691
Net Fixed Assets	405	404
Investments and Cash & Bank Balances	679	734
Deferred Tax Asset	23	27
Inventory	727	707
Sundry Debtors	1115	1158
Other Current Assets	1546	1489
Long Term Debtors/ Lease Rent Receivables	526	506
Current Liabilities & Provisions	(2194)	(2424)
Total Capital Employed	2828	2602

STANDALONE PROFITABILITY

STANDALONE PROFIT & LOSS ACCOUNT	Unaudited			Rs crores	
				Audited	
	Q1 FY 13	Q4 FY 12	Q1 FY 12	FY 12	
-	Gross Sales / Income from Operations	2,355.8	2,569.7	2,702.9	10,375.5
-	Less: Excise Duty	14.1	21.2	22.8	86.2
1a.	Net Sales / Income from Operations	2,341.7	2,548.5	2,680.1	10,289.3
1b.	Other Operating Income	3.6	6.7	2.7	22.3
2.	Expenses				
	Changes in Inventories of finished goods, work-in-progress and stock-in-trade	(21.7)	149.2	189.2	(36.9)
a)	Cost of materials consumed	216.6	349.3	327.7	1,273.3
b)	Purchases of Stock-in-trade	1,802.4	1,650.3	1,838.3	7,617.6
c)	Purchases of Services	59.9	73.5	32.7	179.6
d)	Stores & Spares consumed and Others	48.9	53.5	48.1	222.4
e)	Employee benefits expense	120.9	110.1	110.8	458.8
f)	Administration, Selling, Repairs & Others	84.0	122.0	88.0	428.9
g)	Exchange Differences (Loss (+)/Gain(-))#	12.9	33.8	21.7	64.3
h)	Depreciation and amortisation expense	11.8	12.6	9.9	43.1
i)	Total Expenses	2,335.8	2,554.2	2,666.3	10,250.9
3.	Profit from Operations before Other Income & finance costs (1-2)	9.4	1.0	16.5	60.7
4.	Other Income	22.1	25.9	23.9	80.9
5.	Profit from ordinary activities before finance costs (3+4)	31.5	26.9	40.4	141.6
6.	Finance costs	28.6	23.9	15.6	80.1
7.	Profit (+) / Loss (-) from ordinary activities before Tax (5-6)	2.9	3.1	24.8	61.5
8.	Tax Expense	0.4	0.5	8.6	13.7
9.	Net Profit (+) / Loss (-) from ordinary activities after Tax (7-8)	2.5	2.6	16.2	47.9
10.	Extraordinary items (net of tax expense)	-	-	-	-
11.	Net Profit (+) / Loss (-) for the period (9-10)	2.5	2.6	16.2	47.9
	Basic EPS (Not annualised) Rs/share	0.11	0.11	0.73	2.15
	# including unrealised Exchange Difference (Loss (+)/Gain(-))				
	- Computer Systems & Other Related Products and Services	(6.0)	17.2	18.2	27.1
	- Telecommunication & Office Automation	(2.3)	3.8	5.9	7.5
	Total	(8.3)	21.0	24.1	34.6

STANDALONE SEGMENT

	Particulars	Unaudited			Rs crores
		Q1 FY 13	Q4 FY 12	Q1 FY 12	Audited
					FY 12
1.	Segment Revenue				
	Products and Related Services				
	- Computer Systems & Other Related Products and Services (Gross)	670.8	898.6	704.1	3,123.7
	Less: Excise Duty	14.1	21.2	22.8	86.2
	- Computer Systems & Other Related Products and Services (Net)	656.7	877.4	681.2	3,037.5
	- Telecommunication & Office Automation (Net)	1,685.0	1,674.5	1,998.9	7,259.8
	Total	2,341.7	2,551.9	2,680.1	10,297.3
	Less: Intersegment revenue	-	3.4	-	8.0
	Net Sales / Income from Operations	2,341.7	2,548.5	2,680.1	10,289.3
2.	Segment Results (Profit (+) / Loss (-) before Tax and Interest from each segment)				
	Products and Related Services				
	- Computer Systems & Other Related Products and Services	1.1	(4.1)	(1.0)	(7.4)
	- Telecommunication & Office Automation	36.0	23.3	46.8	153.5
	Total	37.1	19.3	45.8	146.1
	Less:				
	i) Interest Expense	28.6	23.9	15.6	80.1
	ii) Other un-allocable expenditure net off Un-allocable (income)	5.6	(7.7)	5.4	4.5
	Total Profit before Tax	2.9	3.1	24.8	61.5
3.	Capital Employed (Segment Assets - Segment Liabilities)				
a)	Products and Related Services				
	- Computer Systems & Other Related Products and Services	1,253.8	1,087.2	1,350.5	1,087.2
	- Telecommunication & Office Automation	389.4	356.9	194.7	356.9
b)	Unallocated				
	- Liquid Assets	407.5	438.4	497.7	438.4
	- Others	758.9	699.0	485.6	699.0
	Total Capital Employed	2,809.6	2,581.5	2,528.6	2,581.5

ABOUT HCL INFOSYSTEMS

HCL Infosystems Ltd. with revenue (LTM) of US\$ 1.9 Billion (Rs 10,486 crores) is India's Premier Technology Company and offers a wide spectrum of IT Services and Products ranging from Cloud to Learning Solutions. As a complete IT solutions provider the company offers comprehensive offerings in Enterprise Application Services, IT Infrastructure Managed Services, System Integration, Office Automation Products and Services, Distribution and Support Services. The company operates in both the Consumer and the Enterprise space – offering the latest mobility products and operating in verticals like BFSI, Telecom, and Healthcare respectively.

HCL Care, the support and service division of the company has one of the largest and most extensive service networks across the country and provides end to end support services for various IT, Telecom and Consumer Electronics products. HCL Infosystems has one of the largest distribution network of digital lifestyle global brands and an unparalleled robust service network in the country including Tier 2 and 3 cities. Digilife Distribution and Marketing Services (DDMS), a 100% subsidiary of HCL Infosystems focuses on multi brand distribution and offers value added distribution for its partners including strategic consulting services, last mile connect and support in marketing and promotions. HCL Learning a division of the company covers the entire spectrum of education and training requirements across schools, colleges, individuals and enterprises and offers rich learning solutions across these segments. HCL Infosystems MEA (Middle East and Africa), a fully owned subsidiary of HCL Infosystems is part of the emerging markets outreach of the company and focuses on expanding the business in the Middle East and African geographies and provides comprehensive IT solutions to customers across verticals in the region. The company also has robust operations in Singapore with its subsidiary HCL Insys Pte. Ltd. gaining traction in the region with its Enterprise solutions including a strong offering in Infrastructure Managed Services. For more information please visit us at www.hclinfosystems.in

ABOUT HCL ENTERPRISE

HCL is a \$6.2 billion leading global technology and IT enterprise comprising two companies listed in India – HCL Technologies and HCL Infosystems. Founded in 1976, HCL is one of India's original IT garage start-ups. A pioneer of modern computing, HCL is a global transformational enterprise today. Its range of offerings includes product engineering, custom & package applications, BPO, IT infrastructure services, IT hardware, systems integration, and distribution of information and communications technology (ICT) products across a wide range of focused industry verticals. The HCL team consists of over 90,000 professionals of diverse nationalities, who operate from 31 countries including over 500 points of presence in India. HCL has partnerships with several leading global 1000 firms, including leading IT and technology firms.