

# HCL Infosystems Limited

## Quarterly Investor Update

18<sup>th</sup> November 2013

**HCL**

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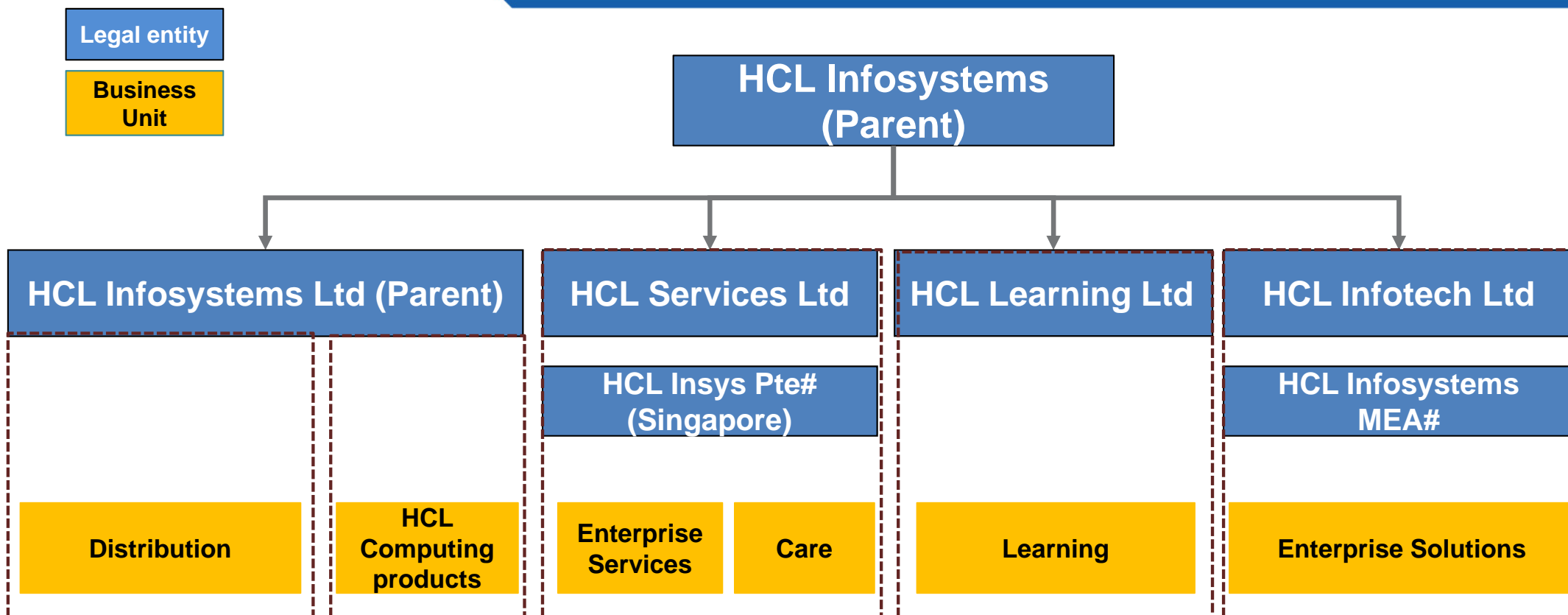
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# Scheme of Arrangement on our Restructuring has become effective from 1st Nov 2013

- The process had started with Board's approval on the Scheme of Arrangement on Restructuring in January 2013 meeting
- After the final hearing held before the Hon'ble High Court of Delhi on 18th September, the Court has granted the approval as per the Scheme
- The Scheme of Arrangement has become effective from 1st November 2013, after a certified copy of the High Court order was filed with the office of the Registrar of the Companies, NCT of Delhi & Haryana
- Consequently, the business of Services, Solutions and Learning stand transferred to the following three subsidiaries respectively:
  - **HCL Services Ltd**
  - **HCL Infotech Ltd**
  - **HCL Learning Ltd**

# Re-structured Organization

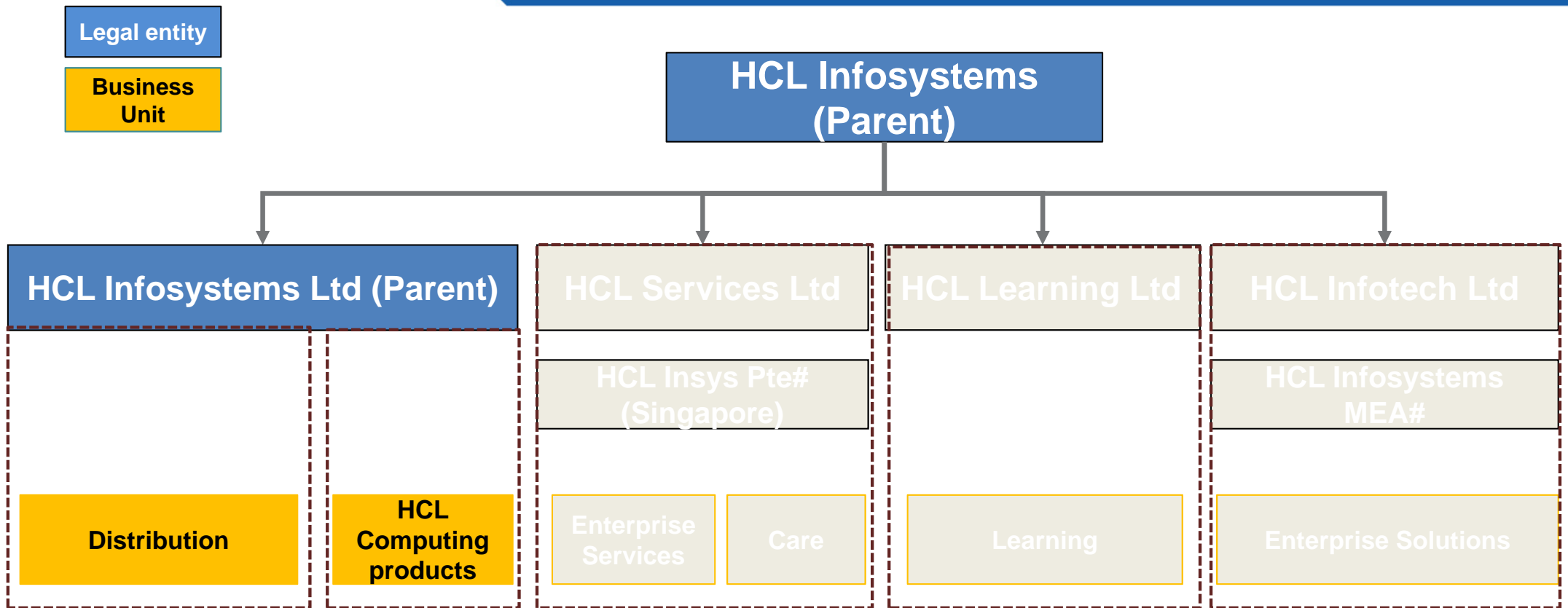


The Restructuring has aimed at not only carving out diverse businesses in different subsidiaries but also establishing operational and financial delineation and independence between various Strategic Business Units (SBUs) within an entity

# The Restructuring would enable....

- ✓ **Focused management orientation** to each of the businesses with **individual specialization** and **leadership vision**;
- ✓ **Greater visibility** on the operational and financial performance of each business;
- ✓ **Independence** as well as **accountability** for each of the business segments;
- ✓ **Opportunities** for strategic partnership for growth of the business; and
- ✓ **Flexibility** for seeking funds from strategic and financial investors for expansion

# Business wise Performance Q1 FY14



# Distribution – (HCL Infosystems Ltd)

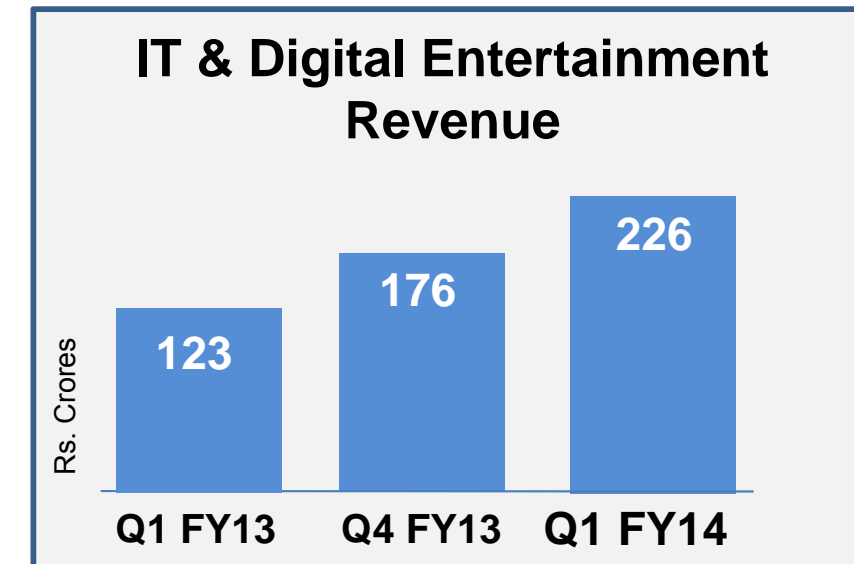
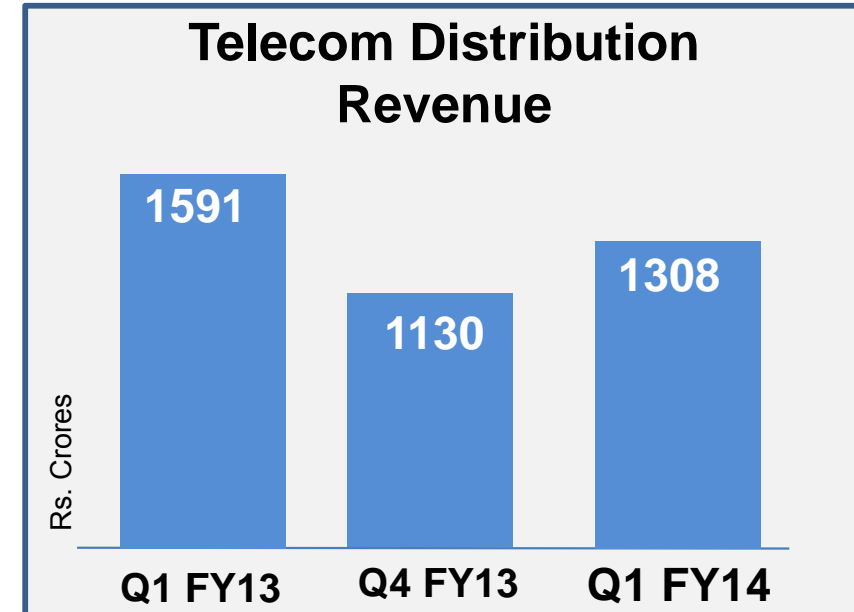
## ❑ Telecom Distribution:

- ❑ 16% sequential growth
- ❑ Continued growth over the last two quarters is a clear indication of growing acceptance of the refreshed product portfolio.

## ❑ IT & DE Distribution:

- ❑ sold over 100,000 tablet units in the quarter
- ❑ appointed more than 100 new channel partners

**New Principals Added in Q1:** HP, Delta, Lenovo, eScan, Karbonn and Lava Tablets.



# Distribution – (HCL Infosystems Ltd)

		Unaudited Rs. crores
	Particulars	Q1 FY14
1	<b>Consolidated Revenue</b>	<b>1534</b>
2	Profit / (Loss) from ordinary activities before Exchange differences and Provision for doubtful debts	25.4
3	Exchange differences Loss / (Gain)	1.0
4	Provision for Doubtful Debts	
5	Other Income	0.3
6	<b>Profit / (Loss) from ordinary activities before Interest and Tax (2-3-4+5)</b>	<b>24.7</b>



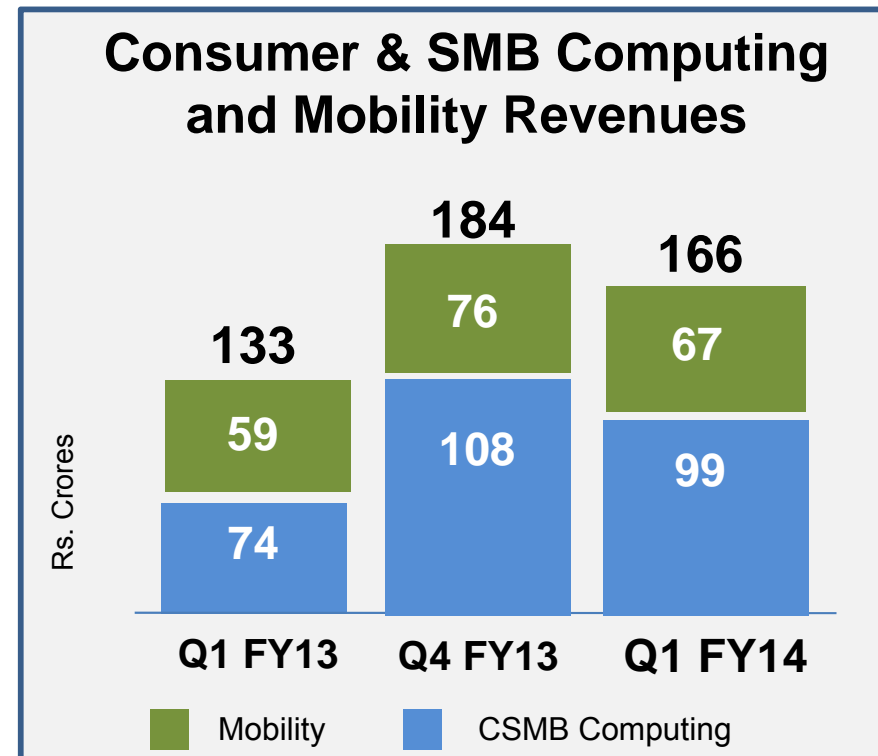
# Consumer Computing & Mobility - (HCL Infosystems Ltd)

## □ Mobility

- Good growth in the MEA market
- Launched many new tablets - Sync 1.0, Connect V3 and Connect 3G 2.0
- Commoditization of the Market

## □ Consumer Computing

- Operational improvements continued
- PC industry continues to shrink

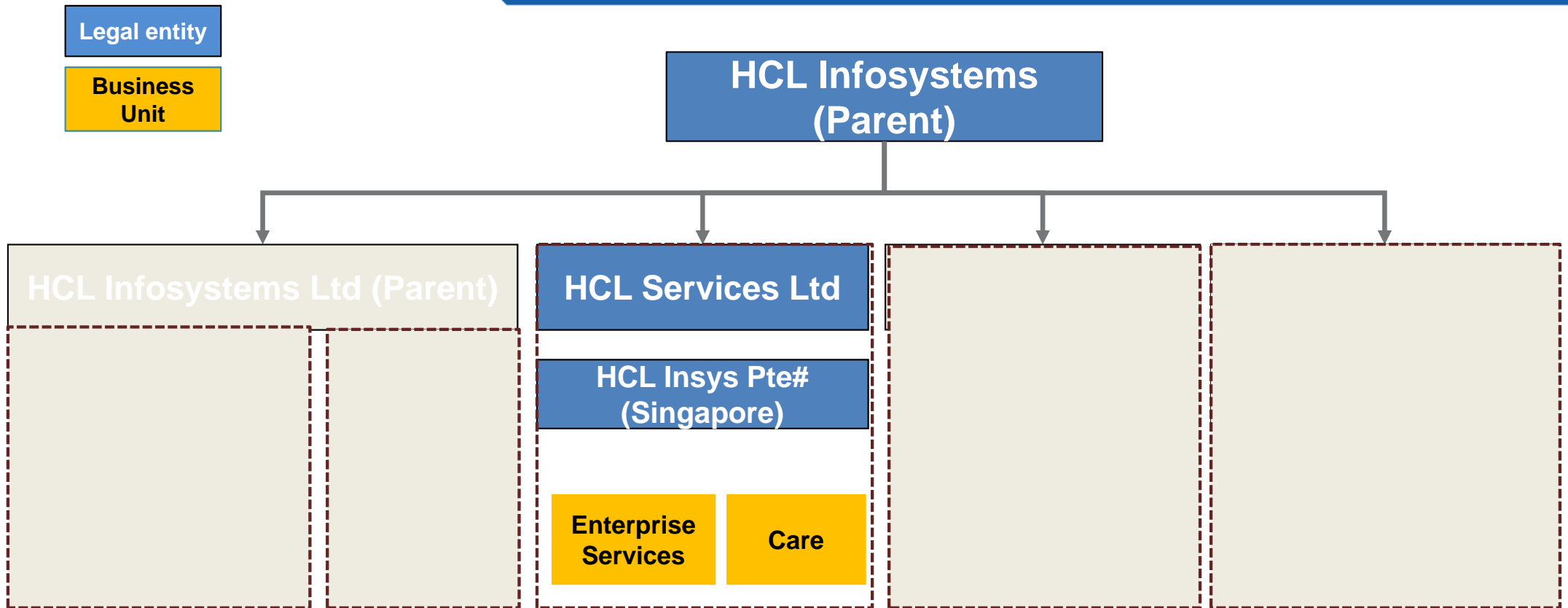


**High exchange rate volatility significantly impacted the margins**

# Consumer Computing & Mobility - (HCL Infosystems Ltd)

		Unaudited Rs. crores
	Particulars	Q1 FY14
1	<b>Consolidated Revenue</b>	<b>166</b>
2	Profit / (Loss) from ordinary activities before Exchange differences and Provision for doubtful debts	(2.2)
3	Exchange differences Loss / (Gain)	4.2
4	Provision for Doubtful Debts	-
5	Other Income	-
6	<b>Profit / (Loss) from ordinary activities before Interest and Tax (2-3-4+5)</b>	<b>(6.4)</b>

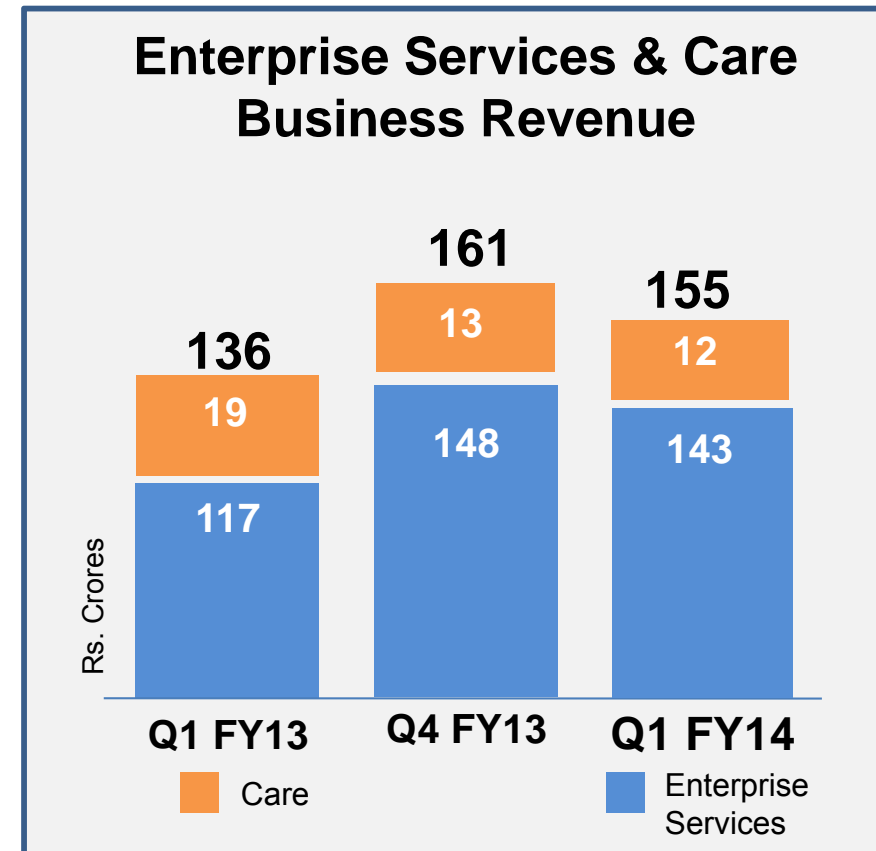
# Business wise Performance Q1 FY14



# Services – (HCL Services Ltd and HCL Insys Pte Ltd)

## □ Enterprise Services:

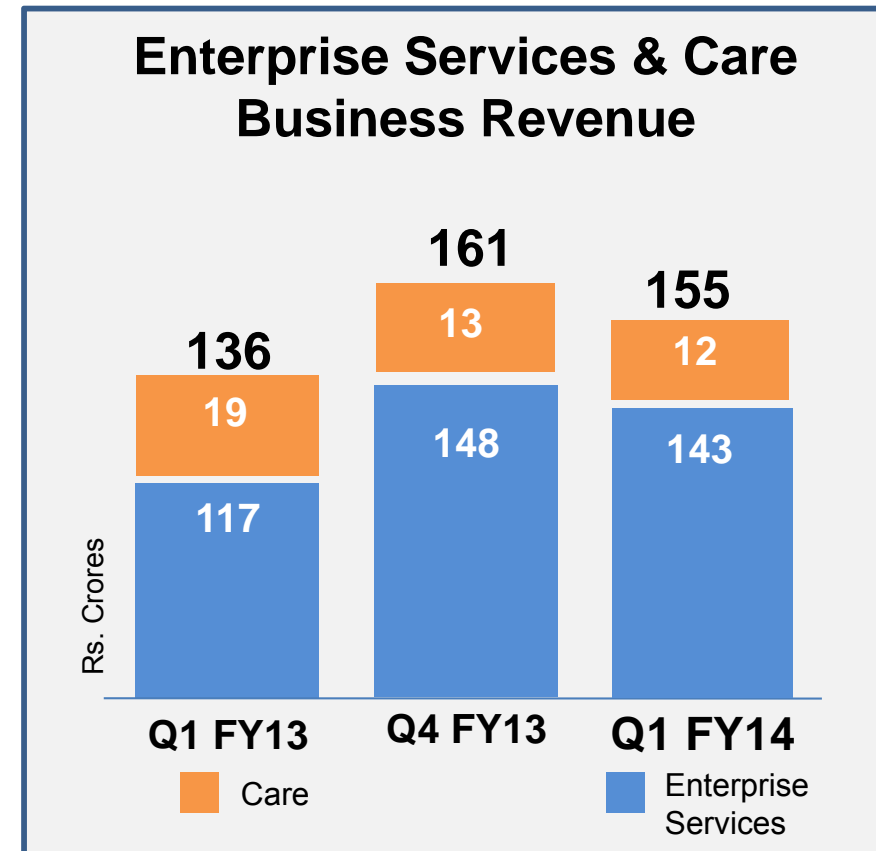
- **IMS** continues to build order book: new wins in Government of Karnataka (TCV Rs 100cr+), Public Board in Singapore
- **Enterprise Application Services** business added new customers in the Middle East and India. Healthy sequential growth in new T&M deals as well as in repeat business.
- **Breakfix Services** receiving interests from third-party / OEMs on breakfix services outsourcing



# Services – (HCL Services Ltd and HCL Insys Pte Ltd)

## □ Care Services:

- Care Touch Stores service network expanded to 200+ locations across India
- Awarded after sales support services contracts from leading OEMs such as Samsung and Bajaj Electricals, etc
- With many leading brands now signed-up (Nokia, Blackberry, Philips, Lenovo, Samsung, Bajaj, etc.), the business is well poised to expand its scope of engagement with these Principals and scale significantly in next 2 years



# Services – (HCL Services Ltd and HCL Insys Pte Ltd)

Unaudited  
Rs. crores

	Particulars	Q1 FY14
1	<b>Consolidated Revenue</b>	<b>155</b>
2	Profit / (Loss) from ordinary activities before Exchange differences and Provision for doubtful debts	8.5
3	Exchange differences Loss / (Gain)	0.6
4	Provision for Doubtful Debts	0.3
5	Other Income	-
6	<b>Profit / (Loss) from ordinary activities before Interest and Tax (2-3-4+5)</b>	<b>7.6</b>

# Business wise Performance Q1 FY14

Legal entity

Business Unit

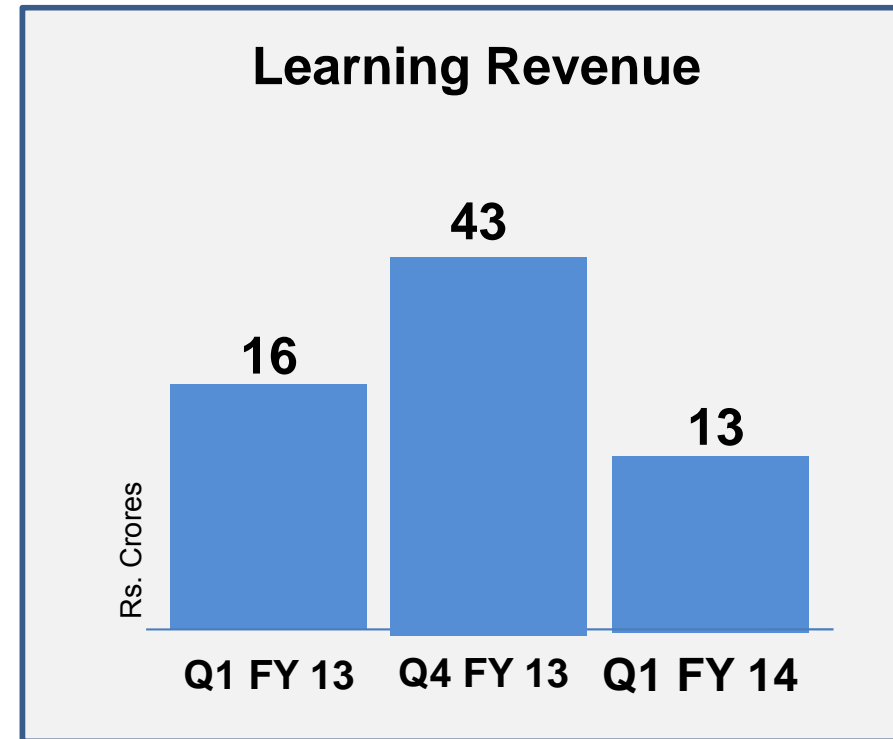
HCL Infosystems  
(Parent)

HCL Infosystems Ltd (Parent)

HCL Learning Ltd

Learning

- ❑ Launched three innovative products, MyIIT Tutor, MyEduWorld and Easy SRP (School Resource Planning).
- ❑ Expanded its footprint to Nepal, Oman & Nigeria
- ❑ On track to achieve positive PBT in FY14
- ❑ Y-o-Y decline due to weak industry sentiments
- ❑ Business is seasonal & skewed to April-June quarter.





		Unaudited Rs. crores
	Particulars	Q1 FY14
1	<b>Consolidated Revenue</b>	<b>13</b>
2	Profit / (Loss) from ordinary activities before Exchange differences and Provision for doubtful debts	(1.9)
3	Exchange differences Loss / (Gain)	0.1
4	Provision for Doubtful Debts	1.4
5	Other Income	0.7
6	<b>Profit / (Loss) from ordinary activities before Interest and Tax (2-3-4+5)</b>	<b>(2.7)</b>

# Business wise Performance Q1 FY14

Legal entity

Business Unit

HCL Infosystems  
(Parent)

HCL Infosystems Ltd (Parent)

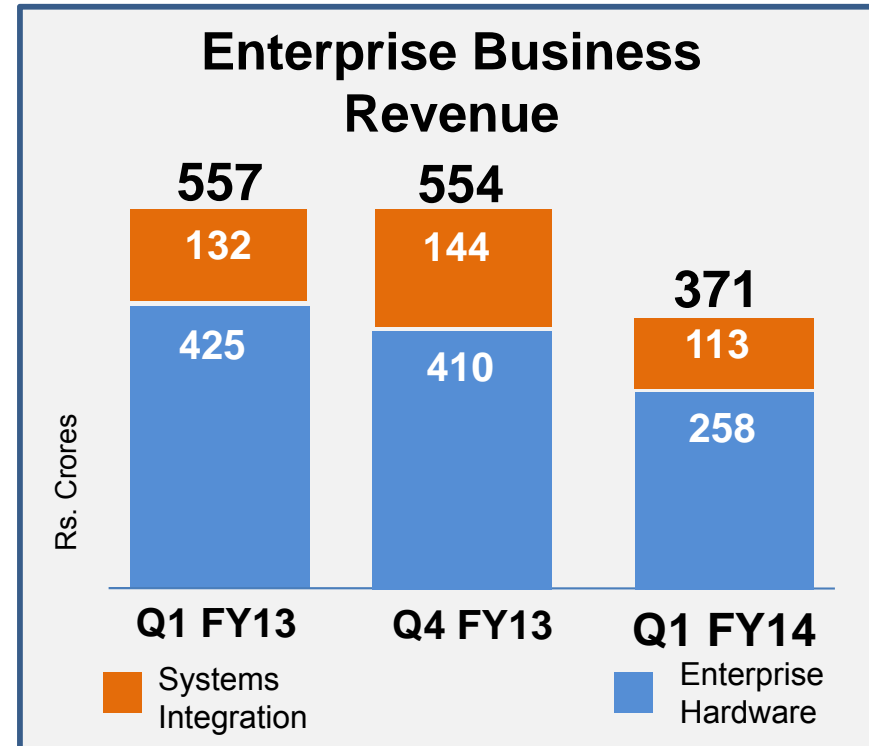
HCL Infotech Ltd

HCL Infosystems  
MEA#

Enterprise Solutions

# Solutions – (HCL Infotech Ltd and HCL MEA FZCO)

- ❑ (UIDAI) – MSP Program: over 40 crore Aadhaar cards generated.
- ❑ Completed the first phase of AFCEL(Air Force Cellular) - 3G WCDMA project
- ❑ Large renewal deals from SBI & IDBI
- ❑ **Challenging environment** continues
  - ❑ Impact on Gross margins and Large exchange rate loss due to Exchange rate volatility
  - ❑ Additional costs to this business due to delay in project mile-stone sign-offs and release of payment



**In Future, Focus on Services centric deals with limited Forex exposure and Working capital requirements**

# Solutions – (HCL Infotech Ltd and HCL MEA FZCO)

		Unaudited Rs. crores
	Particulars	Q1 FY14
1	<b>Consolidated Revenue</b>	<b>371</b>
2	Profit / (Loss) from ordinary activities before Exchange differences and Provision for doubtful debts	(28.3)
3	Exchange differences Loss / (Gain)	22.3
4	Provision for Doubtful Debts	3.9
5	Other Income	0.4
6	<b>Profit / (Loss) from ordinary activities before Interest and Tax (2-3-4+5)</b>	<b>(54.1)</b>

# Q1 Summary snapshot

Unaudited Rs. crores

	Particulars	Distribution	Services	Learning	Solutions	Consumer Computing & Mobility	Unallocated / Eliminations	Total
1	<b>Consolidated Revenue</b>	<b>1,534</b>	<b>155</b>	<b>13</b>	<b>371</b>	<b>166</b>	<b>(36.5)</b>	<b>2,201</b>
2	Profit / (Loss) from ordinary activities before Exchange differences and Provision for doubtful debts	25.4	8.5	(1.9)	(28.3)	(2.2)	(7.6)	(6.1)
3	Exchange differences Loss / (Gain)	1.0	0.6	0.1	22.3	4.2		28.2
4	Provision for Doubtful Debts		0.3	1.4	3.9	0.0		5.6
5	Other Income	0.3		0.7	0.4		13.1	14.5
6	<b>Profit / (Loss) from ordinary activities before Interest and Tax (2-3-4+5)</b>	<b>24.7</b>	<b>7.6</b>	<b>(2.7)</b>	<b>(54.1)</b>	<b>(6.4)</b>	<b>5.5</b>	<b>(25.4)</b>
7	Finance Cost							43.1
8	<b>Profit Before Tax</b>							<b>(68.5)</b>

# Highlights and Way forward

## Quarterly Highlights

- **Restructuring** to enable undivided focus and attention on our key growth engines – Distribution and Services business.
- **Distribution:** Good volume growth in telecom distribution continues
- **Services:** Won many orders in India and abroad. Expansion in order book position.
- **Learning:** Expanded its geographical footprint to overseas

## Go forward Strategy

- **Distribution:**
  - Grow IT, CE and CD distribution
- **Services:**
  - 3<sup>rd</sup> Party breakfix services outsourcing and end-to-end IMS deals
- **Learning:**
  - Capture the opportunity due to weakening market leaders
- **Hardware & Solutions:**
  - Selective deals with high Services mix & limited Forex exposure
  - Lean operations.

# Questions?

## **Please join Q&A Session on Audio Conference**

**Primary Dial in Access Toll Free Number - 18002000209**

**Back Up Access Toll Free Number – 18002000209**

**Participant Pin - 25394769#**

**Dial above number, enter participant pin for joining Q&A**

**To ask a question kindly press 01**

***HCL***