

# HCL Infosystems Limited

## **Q4 & FY15 Investor Update**

**24<sup>th</sup> August 2015**

***HCL***

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

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# Organisation Structure

Legal entity

Business Unit

HCL Infosystems

HCL Infosystems Ltd

Consumer Distribution

Enterprise Distribution

HCL Services Ltd

Enterprise Services

Consumer Services

Global Services

HCL Infosystems MEA

HCL Insys Pte (Singapore)

HCL Learning Ltd

K-12

Career Development

HCL Infotech Ltd

Systems Integration & Solutions

# Highlights – Q4 & FY15

## Business Highlights

- Q4 revenue increased 22% over Q3 to reach Rs. 1,686 Crore (increase of Rs. 310 Crore)
- Operating profit improved in Q4 & FY15 –
  - Q4 at Rs. 19.9 Cr vs. loss of Rs. 6.5 Cr in Q3
  - FY15 at Rs. 21.7 Cr vs loss of Rs. 57.3 Cr in FY14
- Enterprise Distribution revenue increased 31% QoQ and 19% YoY
- Consumer Distribution revenue increased 26% QoQ with first sequential increase after Q4 2014
- Enterprise Services – 19% YoY revenue growth
- Consumer services – 136% YoY revenue growth
- In the SI business, we executed projects worth Rs. 982 Cr. in the year.

## Key Recognitions

- HCL Services was awarded the “IT Service Provider of the Year” by **Frost & Sullivan India** in the achievements of its consistent service excellence and business performance in 2014
- HCL Learning wins Quality Excellence Award for excellence in learning outcomes, 2015 at the Global Learn Tech Conference & Awards, Mumbai by **World Education Congress**
- HCL Infotech wins Two **Skoch Order-of-Merit Awards** in the Solution Development and Access to Banking & Financial Services categories at the 40<sup>th</sup> Skoch Summit, Mumbai
- HCL Infosystems was recognized as one of the **Great Places to Work**

# Q4 P&L snapshot

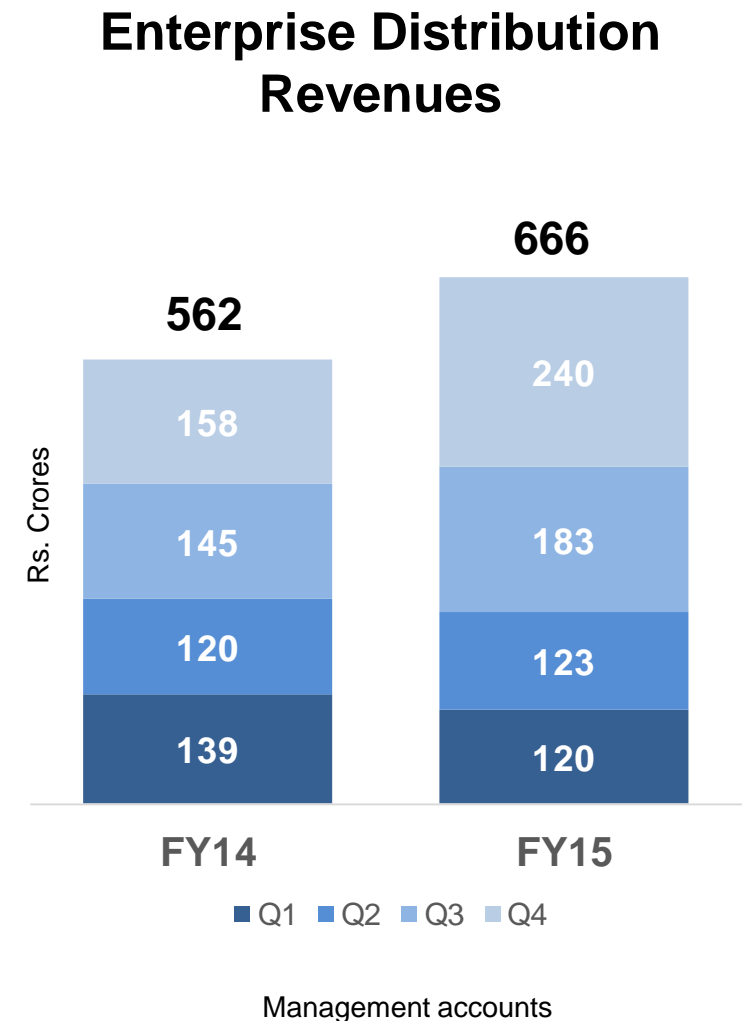
Rs. crores

Q4 FY15	Particulars	Distribution <sup>4</sup>	Services	Learning	SI & Solutions	Unallocated / Eliminations	Sub-total	PC& Mobility (phasing out)	Total <sup>1</sup>	Q3 FY15	Q2 FY15	Q1 FY15
1	<b>Consolidated Revenue</b>	<b>1,191</b>	<b>254</b>	<b>7</b>	<b>234</b>	<b>(4.0)</b>	<b>1682</b>	<b>4</b>	<b>1,686</b>	<b>1376</b>	<b>1450</b>	<b>1683</b>
2	Profit / (Loss) before provision for doubt debts / write-off and impairments	23.3	1.2	0.8	13.1	(17.3)	21.0	(1.1)	19.9 <sup>2</sup>	(6.5)	9.5	(1.2)
3	Provision for doubtful debts / write- off and impairments	1.0	5.7	4.4	16.5	0.0	27.6	2.3	29.9 <sup>5</sup>	15.0	31.8	34.6
4	Other Income (including exceptional items)	0.2	0.3	0.0	0.0	4.2	4.6	0.1	4.7	6.0	3.9	24.5
5	<b>Profit / (Loss) before Interest and Tax (2-3+4)</b>	<b>22.5</b>	<b>(4.3)</b>	<b>(3.6)</b>	<b>(3.4)</b>	<b>(13.2)</b>	<b>(2.0)</b>	<b>(3.3)</b>	<b>(5.3)</b>	<b>(15.5)</b>	<b>(18.4)</b>	<b>(11.3)</b>
6	Net Finance Cost								<sup>6</sup> 34.5	29.8	31.2	27.5
7	<b>Profit Before Tax</b>								<b>(39.7)</b>	<b>(45.3)</b>	<b>(49.6)</b>	<b>(38.9)</b>
										<sup>3</sup>		
<b>Q3 FY15</b>	Profit / (Loss) before Interest and Tax (2-3+4)	16.6	(0.4)	(2.5)	(10.2)	(11.2)	(7.6)	(7.9)	(15.5)			
<b>Q2 FY15</b>	Profit / (Loss) before Interest and Tax (2-3+4)	18.0	(4.3)	(5.3)	9.0	(7.9)	9.5	(28.0)	(18.4)			
<b>Q1 FY15</b>	Profit / (Loss) before Interest and Tax (2-3+4)	25.6	(1.2)	(5.9)	(18.4)	17.2	17.3	(28.7)	(11.3)			

Consolidated revenues are gross of rebates. The above numbers provide a line of business wise view based on management accounts and are not as per reported segments.

# Distribution : Enterprise

- **Continued growth momentum -**
  - 31% growth over Q3
  - 19% growth in FY15 vs last year
  - June typically clocks higher growth due to fresh investments by customers as they plan for the year
- **Continued focus on Partner Alignment & Manpower Productivity**
  - Expanded reach to over 600 SIs and VARs
  - 47% business now accruing from Channel Partners
  - Integrated distribution plan to drive – One HCL, One AOP and One Market Place
  - Portfolio expansion continued with new OEM tie-ups



# Distribution : Consumer

**Consumer Distribution revenues increased 26% in Q4 over Q3**

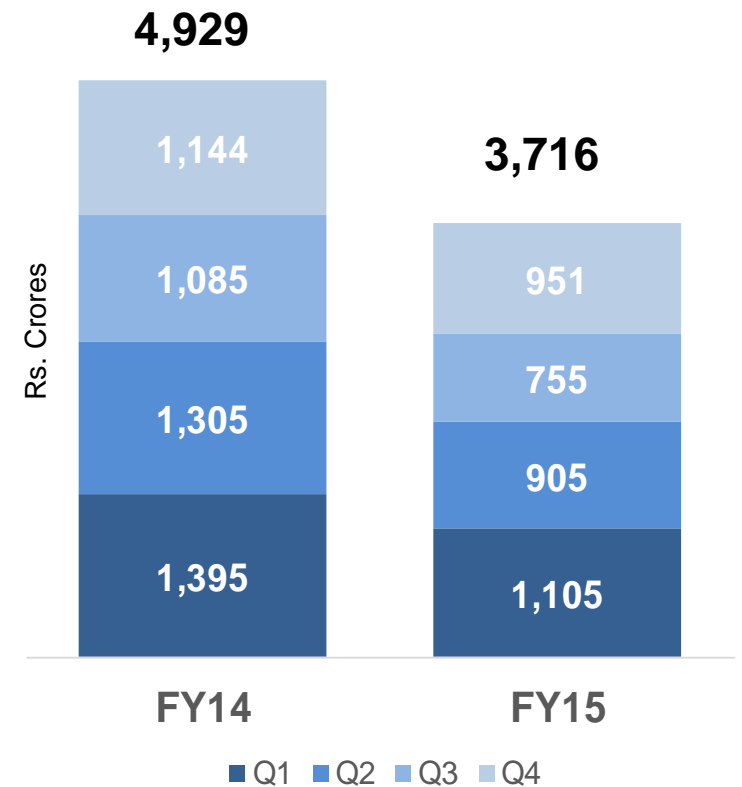
## ❑ Telecom Distribution

- ❑ Entry Category achieved 24% growth over Q3 driven by growth in rural sector
- ❑ Momentum strengthening in microfinance channel
- ❑ Pursuing joint strategy with OEMs and e-commerce market place retailers

## ❑ Non-Telecom Distribution

- ❑ Focus is on adding new product categories and brands to our portfolio
- ❑ New Sign up done for electronics accessories for Northern Region
- ❑ Personal Care products business has grown by 95% over last quarter

## Consumer Distribution Revenues



Management accounts

# Distribution

Rs. crores

	Particulars	Q1 FY15	Q2 FY15	Q3 FY15	Q4 FY15	FY15
1	<b>Consolidated Revenue</b>	<b>1225</b>	<b>1028</b>	<b>939</b>	<b>1191</b>	<b>4382</b>
2	Profit / (Loss) before provision for doubtful debts / write-off and impairments	26.4	17.9	17.4	23.3	85.0
3	Provision for doubtful debts / write-off and impairments	0.8	0.0	0.9	1.0	2.7
4	Other Income (including exceptional items)	0.0	0.1	0.1	0.2	0.4
5	<b>Profit / (Loss) before Interest and Tax (2-3+4)</b>	<b>25.6</b>	<b>18.0</b>	<b>16.6</b>	<b>22.5</b>	<b>82.7</b>

- Sequential revenue growth
- Improved profitability

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



# Services

## ❑ Growth momentum continues

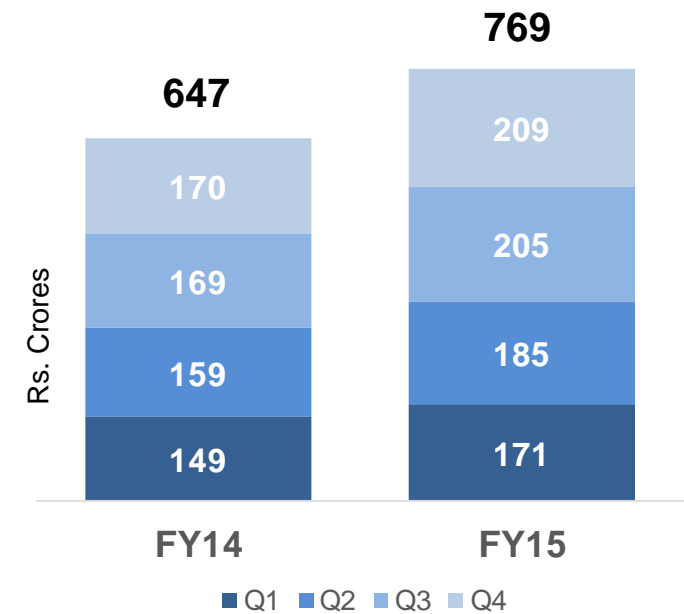
- ❖ 30% YoY revenue growth
- ❖ Over 80% renewals executed

## ❑ Enterprise Services:

- ❖ Significant uptake in new order booking in Q4 – 52% increase (will provide annuity revenues)
- ❖ New partnerships signed with large global OEMs
- ❖ Key large customer wins
- ❖ Operational excellence initiatives on track

**“IT Service Provider of the Year” by Frost & Sullivan India in the achievements of its consistent service excellence and business performance**

## Enterprise Services Revenue



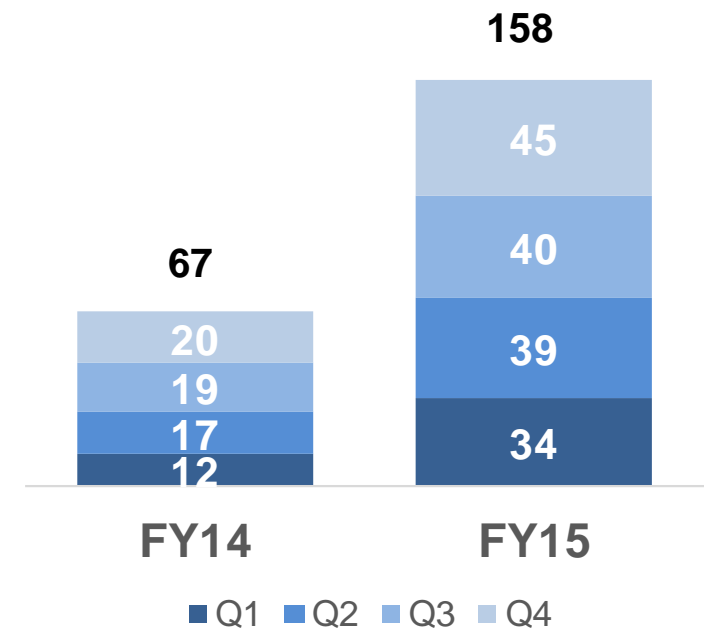
Management accounts

# Services

## ❑ Consumer Services:

- ❖ 136% Y-o-Y revenue growth
- ❖ New exclusive service centre tie-up with International brand
- ❖ New overseas client signed for consumer services in the middle east market
- ❖ New partnerships with OEMs for servicing consumer products in India
- ❖ New extended warranty product in partnership with insurance player for ecommerce company

## Consumer Services Revenue



Management accounts

# Services

Rs. crores

	Particulars	Q1 FY15	Q2 FY15	Q3 FY15	Q4 FY15	FY15
<b>1</b>	<b>Consolidated Revenue</b>	<b>206</b>	<b>223</b>	<b>244</b>	<b>254</b>	<b>927</b>
2	Profit / (Loss) before provisions for doubtful debts / write-off and impairments	0.9	3.5	2.4	1.2	8.0
3	Provision for doubtful debts / write-off and impairments	2.2	7.8	3.0	5.7	18.7
4	Other Income	0.1	0.0	0.2	0.3	0.6
<b>5</b>	<b>Profit / (Loss) before Interest and Tax (2-3+4)</b>	<b>(1.2)</b>	<b>(4.3)</b>	<b>(0.4)</b>	<b>(4.3)</b>	<b>(10.1)</b>

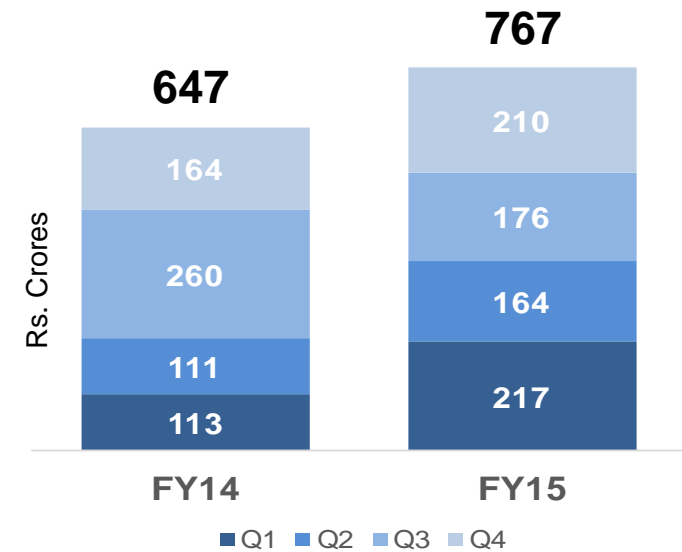
- Continued investments in the business

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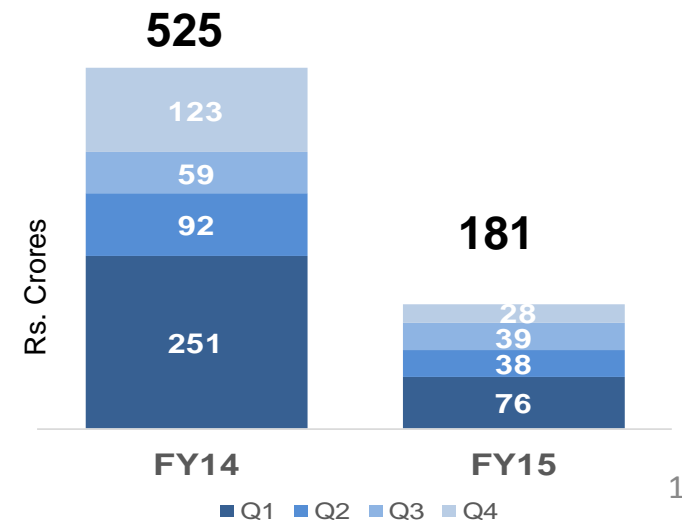
# System Integration and Solutions

- ❑ Continued focus on execution – orders worth Rs. 982 Cr. were executed in FY15
- ❑ Aadhaar cards enrolment covers over 87.5 Cr. citizens at Q4 end
- ❑ FI business registered 60% growth in YoY revenue
- ❑ New projects such as Child Enrolment, Mobile Update, Digi Locker, Portals released for Aadhaar based services in the quarter
- ❑ Well poised to participate opportunistically in key Govt. initiatives such as Digital India and Make in India
- ❑ Phasing out of PC & Mobility businesses : Tail End

## Systems Integration Revenue



## Enterprise Hardware Revenue



# System Integration and Solutions

Rs. crores

	Particulars	Q1 FY15	Q2 FY15	Q3 FY15	Q4 FY15	FY15
1	<b>Consolidated Revenue</b>	<b>293</b>	<b>202</b>	<b>215</b>	<b>238</b>	<b>948</b>
2	Profit / (Loss) before provision for doubtful debts / write-off and impairments	(21.6)	(0.3)	(12.2)	12.0	(22.1)
3	Provision for doubtful debts / write-off and impairments	25.8	18.6	6.5	18.8	69.8
4	Other Income	0.5	0.0	0.6	0.1	1.2
5	<b>Profit / (Loss) before Interest and Tax (2-3+4)</b>	<b>(47.0)</b>	<b>(18.9)</b>	<b>(18.1)</b>	<b>(6.7)</b>	<b>(90.7)</b>
	PC & Mobility (Loss) included above				<b>(3.3)</b>	<b>(67.8)</b>
	SI & Solutions Profit/ (Loss)				<b>(3.4)</b>	<b>(22.9)</b>

Note –

Figures in table above include PC & mobility business

SI revenue and margin movements due to project mix & varying margins

# FY15 P&L - snapshot

Rs. crores

FY15	Particulars	Distribution	Services	Learning	SI & Solutions	Unallocated / Eliminations	Sub-total	PC& Mobility (phasing out)	Total	FY14
1	<b>Consolidated Revenue</b>	<b>4382</b>	<b>927</b>	<b>33</b>	<b>924</b>	<b>(94)</b>	<b>6171</b>	<b>24</b>	<b>6195<sup>1</sup></b>	<b>7888</b>
2	Profit / (Loss) before provision for doubt debts / write-off and impairments	85.0	8.0	1.1	28.8	(50.3)	72.6	(50.9)	21.7 <sup>2</sup>	(57.3)
3	Provision for doubtful debts / write-off and impairments	2.7	18.7	18.4	51.7	1.7	93.3	18.1	111.4 <sup>3</sup>	51.2
4	Other Income (including exceptional items)	0.4	0.6	0.0	0.1	36.9	38.0	1.1	39.2	41.0
5	<b>Profit / (Loss) before Interest and Tax (2-3+4)</b>	<b>82.7</b>	<b>(10.1)</b>	<b>(17.3)</b>	<b>(22.9)</b>	<b>(15.1)</b>	<b>17.3</b>	<b>(67.8)</b>	<b>(50.5)</b>	<b>(67.5)</b>
6	Net Finance Cost								123.0 <sup>5</sup>	118.3
7	<b>Profit Before Tax</b>								<b>(173.5)</b>	<b>(185.8)</b>

4

Consolidated revenues are gross of rebates.

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# Questions?

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

**Primary Dial in Access Toll Free Number – 1800 419 9600**

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**Participant Pin - 779988#**

**Dial above number, enter participant pin for joining Q&A  
To ask a question kindly press 01**

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