

# Quarterly Earning Release

## Third Quarter FY 12

April 25, 2012

# HCL Infosystems Ltd

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## CEO'S COMMENTS



Mr. Harsh Chitale, Chief Executive Officer, HCL Infosystems Limited, commenting on the results said: "I am happy to announce that, after a slow period of almost four quarters, this quarter we have seen some positive movement in large contracts with enterprise and government sector customers. Towards the end of the quarter, we were awarded a LOI for a large MSP contract to act as the managed services provider for the prestigious UIDAI Project. We have also achieved robust growth and expansion in our IT services segments. I am also happy to note that our journey of transformation has now taken concrete shape through enablement of the company wide excellence program 'Aspire'.

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## FINANCIAL HIGHLIGHTS

### QUARTERLY HIGHLIGHTS

#### ➤ Consolidated

- ❖ Revenue at **Rs. 2,612 crores**.
- ❖ Profit before tax at **Rs. 30 crores**.
- ❖ Basic EPS at **Rs. 1.0** per share of Rs. 2/- each.

#### ➤ Computer Systems

- ❖ Revenue at **Rs. 878 crores**, a sequential growth of 23%.
- ❖ PBIT at **Rs. 7 crores**.

#### ➤ Telecommunication & Office Automation

- ❖ Revenue at **Rs. 1,733 crores**.
- ❖ PBIT at **Rs. 47 crores**, a sequential growth of 14%.

The Board of Directors has declared Re. 1 third quarterly Interim dividend. This is the 35<sup>th</sup> continuous quarter for dividends. (50% on an equity share of par value of Rs. 2/- each)

# BUSINESS HIGHLIGHTS

## Enterprise Business

- Computer Systems segment registered strong growth across different verticals. The government segment, a part of our enterprise business recorded an impressive performance on the back of some major wins –
  - HCL Infosystems was awarded the LOI for Managed Service Provider (MSP) from UIDAI (Unique Identification Authority of India)
  - The company won a Rs. 250 crores plus order from Electronics Corporation of Tamil Nadu Ltd. (ELCOT) under a project to provide 2 lakh units of Laptops to government and state aided schools and colleges across the state of Tamil Nadu.
- Apart from the government segment, the non government verticals of the company also registered growth in IT-ITES, Utilities, BFSI, etc:
  - In the BFSI segment the company bagged multiple orders from institutions such as RBI, Syndicate Bank, Central Bank of India, Axis Bank, Bank of India, South Indian Bank and Exim Bank
  - The company won Financial Inclusion projects from UCO Bank and Central Bank of India. The business also won a Services Surveillance order from the Shriram Group
  - The company bagged significant IT services orders from Reliance Industries and Indian Oil Corporation
  - In the utility segment the company won a ERP hardware project from Himachal Pradesh State Electricity Board Limited (HPSEBL)
- Our cloud computing business also registered robust growth of 150% QoQ. New Customers gained by the business included Piaggio Vehicles Pvt Ltd, Health and Family Welfare Department, Government of Tamil Nadu, Thies India, Shell Lubricants, South Indian Bank, Narayana Hrudayalaya and IIM Bangalore among others. The business also launched new services and established new partnerships with leading industry players like Google and Microsoft.

# BUSINESS HIGHLIGHTS

## Mobility Business

- The Mobility Business bagged new enterprise customers including Sunpharma, Intas, Qmax, Glenmark, Education Initiative, Edelweiss, Cleartrip, Royal Images, American Power Conversion, SIO Health Care among others. The Mobility business also recently did a successful launch of a new addition to the tablet range – ME TAB U1 based on the latest Android 4.0.3 (Ice-cream Sandwich)

## Learning Business

- Our Learning Business has also been registering good growth and we booked over 3300 classrooms for our digi-school solutions in the quarter, this represents growth in terms of classrooms of 300% QoQ. Some of the educational institutes across the country where HCL Learning have partnered this quarter are State Bank of India Officers' Association Education Trust, (Chennai & Coimbatore), Delhi Public School, Bokaro and St. Paul's School, Darjeeling.

## Overseas Business

- HCL Infosystems MEA, the company's subsidiary based out of Dubai added new customers like Department of Finance, Abu Dhabi, Sharjah Municipality, Danzas, DEWA (Dubai Electricity & Water Authority), DP World, Sharjah Civil Aviation, DHA (Dubai Health Authority), Union National Bank, Abu Dhabi, Mashraf Al Rayan, Qatar, CGC, Qatar, Niti Computers, Africa among others. Our subsidiary in Singapore has signed up a 5 year managed services engagement for providing infrastructure managed service to multiple IDA agencies in Singapore.
- HCL Infosystems also started its operations in Qatar which will address the System Integration, Services & IT support needs of companies across verticals in this region. As part of the new operations, HCL Infosystems has set up a partnership with Dyarco International WLL, a leading business consultancy in Qatar and a subsidiary of the Al Faisal Holding.

## BUSINESS HIGHLIGHTS

### Distribution Business

- Our distribution business added many new partners such as Maxell, Asder, Lexibook, DeLonghi and Eureka Forbes-Eurodiya and has expanded its footprint in the rural and tier 3 and 4 towns in India.

### Office Automation Business

- The company's OA Business won various orders from Gujarat Informatics Ltd., Delhi University, Durg Police, Pearson, Broadcasting Media Equipment Ltd., Spice BPO, ANZ Technology Services Bangalore, L&T Mumbai and Aviva Life Insurance among others.

## AWARDS and ACCOLADES

- ❖ HCL Infosystems was ranked as No. 1 in IT Services Customer Survey by the prestigious DQ CMR CSA Award
- ❖ HCL Learning has won few awards:
  - Bloomberg|UTV B-School Excellence awards to Institute Management Systems(IMS) for "Best Cloud Based Education Institute Management System"
  - Star News National Education Awards to Digischool for "Best ICT Enabled Content for K12 Education"
  - Star News National education Awards to Digicampus for "Best Technology BASED Solutions for Higher Education Institutes"
  - The prestigious Jury Award at the 7th eINDIA awards for the Best Open and Distance Learning Practices in Higher education for Xcelerate (Xcelerate is a joint initiative between HCL & Resonance) program

# CONSOLIDATED RESULTS

## Quarterly Results

Rs. crores		Unaudited				
	Q1 FY12	Q2 FY12	Q3 FY12	Q3 FY11	Y-o-Y %	Q-o-Q %
Consolidated Revenue	2,810	2,693	2,612	2,758	-5%	-3%
Consolidated PBT	19	34	30	70	-57%	-13%
Consolidated PAT	12	35	23	53	-57%	-34%

The company reported consolidated revenue of Rs. 2,612 crores for the quarter ended March 31, 2012.

Profit before tax was reported at Rs. 30 crores for the quarter ended March 31, 2012.

### Earnings per share:

Basic EPS for the quarter ended March 31, 2012 was **Rs. 1.0 per share** of Rs. 2/- each.

### Dividend:

The Board of Directors has recommended Third Interim dividend of Re. 1/- per fully paid up share (50% on an equity share of par value of Rs 2/- each).

# SEGMENT RESULTS

## COMPUTER SYSTEMS & OTHER RELATED PRODUCTS

### Computer Systems & Other Related Products and Services

Rs. crores

**Unaudited**

Revenue	Q1 FY12	Q2 FY12	Q3 FY12	Q3 FY11	Y-o-Y %	Q-o-Q %
Computing Business	576	539	634	691	-8%	18%
Systems Integration	107	110	152	129	18%	38%
Learning	13	14	20	29	-30%	50%
Overseas Operations	80	95	142	74	94%	50%
Intersegment / Adjustments	-55	-45	-70	-24		
<b>Computer Systems &amp; Other Related Products and Services</b>	<b>722</b>	<b>712</b>	<b>878</b>	<b>898</b>	<b>-2%</b>	<b>23%</b>

Computer Systems & Other Related Products and Services	Q1 FY12	Q2 FY12	Q3 FY12	Q3 FY11	Y-o-Y %	Q-o-Q %
PBIT including foreign exchange fluctuation	-1	-6	7	45	-85%	213%
PBIT excluding foreign exchange fluctuation	15	1	5	43	-88%	821%

## TELECOMMUNICATION & OFFICE AUTOMATION

### Telecommunication & Office Automation

Rs. crores

**Unaudited**

Revenue	Q1 FY12	Q2 FY12	Q3 FY12	Q3 FY11	Y-o-Y %	Q-o-Q %
Telecom Distribution	1,792	1,662	1,449	1,433	1%	-13%
Digital Entertainment	129	146	106	153	-30%	-27%
Office Automation	106	132	146	177	-17%	11%
Overseas Operations	42	45	14	61		-69%
Intersegment / Adjustments	5	-4	18	33		
<b>Telecommunication &amp; Office Automation (Net)</b>	<b>2,073</b>	<b>1,980</b>	<b>1,733</b>	<b>1,856</b>	<b>-7%</b>	<b>-12%</b>

Telecommunication & Office Automation	Q1 FY12	Q2 FY12	Q3 FY12	Q3 FY11	Y-o-Y %	Q-o-Q %
PBIT including foreign exchange fluctuation	45	41	47	45	4%	14%
PBIT excluding foreign exchange fluctuation	52	46	46	45	2%	-1%

# CONSOLIDATED PROFITABILITY

CONSOLIDATED PROFIT & LOSS ACCOUNT	Unaudited			Unaudited		Rs crores
	Q3 FY 12	Q2 FY 12	Q3 FY 11	9M FY 12	9M FY 11	Audited
						FY 11
1. Gross Sales / Income from Operations	2,611.6	2,692.6	2,757.9	8,114.6	8,902.4	11,542.1
- Less: Excise Duty	23.3	18.9	27.9	65.0	97.8	122.2
1a. Net Sales / Income from Operations	2,588.3	2,673.7	2,730.0	8,049.6	8,804.5	11,419.9
1b. Other Operating Income	5.9	10.3	5.2	20.3	22.3	30.3
2. Expenditure						
(Increase)/ Decrease in Stock in Trade and Work in Progress	95.5	(476.6)	9.0	(200.5)	137.0	226.7
a) Consumption of Raw Materials	370.2	276.2	335.7	974.1	1,135.6	1,626.6
c) Purchase of Traded Goods	1,719.8	2,532.8	1,958.5	6,182.6	6,292.8	7,985.0
d) Purchase of Services	43.5	34.1	34.6	122.4	162.7	194.2
e) Stores & Spares consumed and Others	72.6	48.5	78.9	170.5	177.8	234.0
f) Employees Cost	127.4	124.3	128.9	371.1	365.3	486.9
g) Administration, Selling, Repairs & Others	121.0	108.8	104.6	324.3	301.9	420.3
h) Exchange Difference (Loss +)/Gain(-) #	(2.7)	12.1	(2.7)	31.2	(12.9)	(10.2)
i) Depreciation	10.8	10.9	10.0	33.0	28.4	38.4
Total Expenditure	2,558.0	2,671.1	2,657.5	8,008.6	8,588.5	11,201.8
3. Profit from Operations before Other Income & Interest (1-2)	36.2	12.9	77.7	61.3	238.4	248.4
4. Other Income	16.3	41.4	16.0	81.8	44.1	60.4
5. Profit before Interest (3+4)	52.5	54.3	93.7	143.1	282.4	308.8
6. Interest Expense	22.7	20.1	24.1	59.9	59.0	79.4
7. Profit (+) / Loss (-) from ordinary activities before Tax (5-6)	29.8	34.2	69.6	83.2	223.4	229.4
8. Tax Expense	5.1	(0.3)	15.6	13.4	64.7	60.1
9. Net Profit (+) / Loss (-) from ordinary activities after Tax (7-8)	24.7	34.5	54.0	69.8	158.8	169.3
10. Extraordinary items (net of tax expense Rs Nil)	-	-	-	-	-	-
11. Net Profit (+) / Loss (-) for the period before minority interests (9-10)	24.7	34.5	54.0	69.8	158.8	169.3
12. Profit (+) / Loss (-) attributable to Minority Interest	1.7	(0.5)	0.7	(0.3)	2.1	1.1
13. Net Profit (+) / Loss (-) for the period (11-12)	23.0	34.9	53.3	70.1	156.7	168.2
Basic EPS (Not annualised) Rs/share	1.0	1.6	2.4	3.1	7.2	7.7
# including unrealised Exchange Difference (Loss +)/Gain(-)						
- Computer Systems & Other Related Products and Services	(11.7)	2.1	2.2	10.0	(3.3)	(2.4)
- Telecommunication & Office Automation	(2.1)	0.6	(0.2)	3.1	(2.0)	(1.1)
- Internet & Related Services (Discontinued Operation)	-	-	-	-	-	-
Total	(13.7)	2.7	2.0	13.1	(5.3)	(3.5)

# CONSOLIDATED SEGMENT

	Particulars	Rs crores					
		Unaudited			Unaudited		Audited
		Q3 FY 12	Q2 FY 12	Q3 FY 11	9M FY12	9M FY11	FY 11
<b>1.</b>	<b>Segment Revenue</b>						
a)	Products and Related Services						
	- Computer Systems & Other Related Products and Services (Gross)	878.3	711.7	898.5	2,311.5	2,837.5	3,691.4
	Less: Excise Duty	23.3	18.9	27.9	65.0	97.8	122.2
	- Computer Systems & Other Related Products and Services (Net)	855.0	692.8	870.6	2,246.4	2,739.7	3,569.2
	- Telecommunication & Office Automation (Net)	1,733.4	1,980.4	1,856.3	5,787.1	6,037.2	7,804.9
b)	Internet & Related Services (Discontinued Operations)		5.5	18.4	23.1	56.4	74.7
	Total	2,588.3	2,678.7	2,745.2	8,056.6	8,833.3	11,448.8
	Less: Intersegment revenue		5.0	15.2	7.1	28.8	28.9
	<b>Net Sales / Income from Operations</b>	<b>2,588.3</b>	<b>2,673.7</b>	<b>2,730.0</b>	<b>8,049.6</b>	<b>8,804.5</b>	<b>11,419.9</b>
<b>2.</b>	<b>Segment Results (Profit (+)/Loss (-) before Tax and Interest from each segment)</b>						
a)	Products and Related Services						
	- Computer Systems & Other Related Products and Services	6.8	(6.0)	44.9	0.1	125.6	117.8
	- Telecommunication & Office Automation	47.0	41.3	45.0	133.5	155.8	192.8
b)	Internet & Related Services (Discontinued Operations)		(1.5)	(2.4)	(5.5)	(8.5)	(10.7)
	Total	53.7	33.8	87.6	128.1	272.9	299.9
	Less:						
	(i) Interest Expense	22.7	20.1	24.1	59.9	59.0	79.4
	(ii) Other un-allocable expenditure net off Un-allocable (income)	1.2	(20.5)	(6.1)	(15.0)	(9.6)	(9.0)
	<b>Total Profit before Tax</b>	<b>29.8</b>	<b>34.2</b>	<b>69.6</b>	<b>83.2</b>	<b>223.4</b>	<b>229.4</b>
<b>3.</b>	<b>Capital Employed (Segment Assets - Segment Liabilities)</b>						
a)	Products and Related Services						
	- Computer Systems & Other Related Products and Services	1,249.4	1,295.6	1,441.6	1,249.4	1,441.6	1,363.4
	- Telecommunication & Office Automation	387.5	388.1	352.9	387.5	352.9	310.0
b)	Internet & Related Services (Discontinued Operations)	-		(8.1)	-	(8.1)	(8.0)
c)	Unallocated						
	- Liquid Assets	461.3	428.2	775.2	461.3	775.2	607.6
	- Others	607.8	551.2	305.5	607.8	305.5	266.6
	<b>Total Capital Employed</b>	<b>2,706.0</b>	<b>2,663.1</b>	<b>2,867.2</b>	<b>2,706.0</b>	<b>2,867.2</b>	<b>2,539.5</b>

## CONSOLIDATED BALANCE SHEET

Particulars	Rs crores	
	Unaudited 31.03.12	Unaudited 31.12.11
Net Worth	1930.4	1934.0
Loans	771.3	726.6
Minority Interest	4.3	2.5
Net Fixed Assets	374.7	374.2
Investments and Cash & Bank Balances	804.9	694.2
Deferred Tax Asset	21.8	21.0
Inventory	802.5	915.3
Sundry Debtors	1915.3	1863.2
Other Current Assets	1003.8	906.3
Current Liabilities & Provisions	(2216.9)	(2111.0)
<b>Total Capital Employed</b>	<b>2706.0</b>	<b>2663.1</b>

## ABOUT HCL INFOSYSTEMS

HCL Infosystems Ltd, with revenue (LTM) of US\$ 2.4 billion (Rs.10,754 crores) is India's premier hardware, services and ICT systems integration company offering a wide spectrum of ICT products that includes Computing, Storage, Networking, Security, Telecom, Imaging and Retail. HCL is a one-stop-shop for all the ICT requirements of an organisation. India's leading System Integration and Infrastructure Management Services Organisation, HCL has specialised expertise across verticals including Telecom, BFSI, eGovernance & Power. HCL has India's largest distribution and retail network, taking to market a range of Digital Lifestyle products in partnership with leading global ICT brands, including Apple, Cisco, Ericsson, Kingston, Kodak, Konica Minolta, Microsoft, Nokia, Toshiba, and many more. HCL today has India's largest vertically integrated computer manufacturing facility with over three decades of electronic manufacturing experience & HCL desktops is the largest selling brand into the enterprise space. With India's largest ICT services network that reaches to every corner of India, HCL's award winning Support Services makes it the preferred choice of enterprise and consumers, alike. For more information please visit us at [www.hclinfosystems.in](http://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 and a transformational enterprise, HCL's diverse range of hardware and software offerings span a wide array of focused industry verticals. The HCL team consists of 90,000 professionals of diverse nationalities, who operate from 31 countries including over 500 points of presence in India. For more on HCL, please visit [www.hcl.com](http://www.hcl.com)