

HCL Infosystems Limited

Q3 FY19 Investor Update

7th February 2019

HCL

Disclaimer

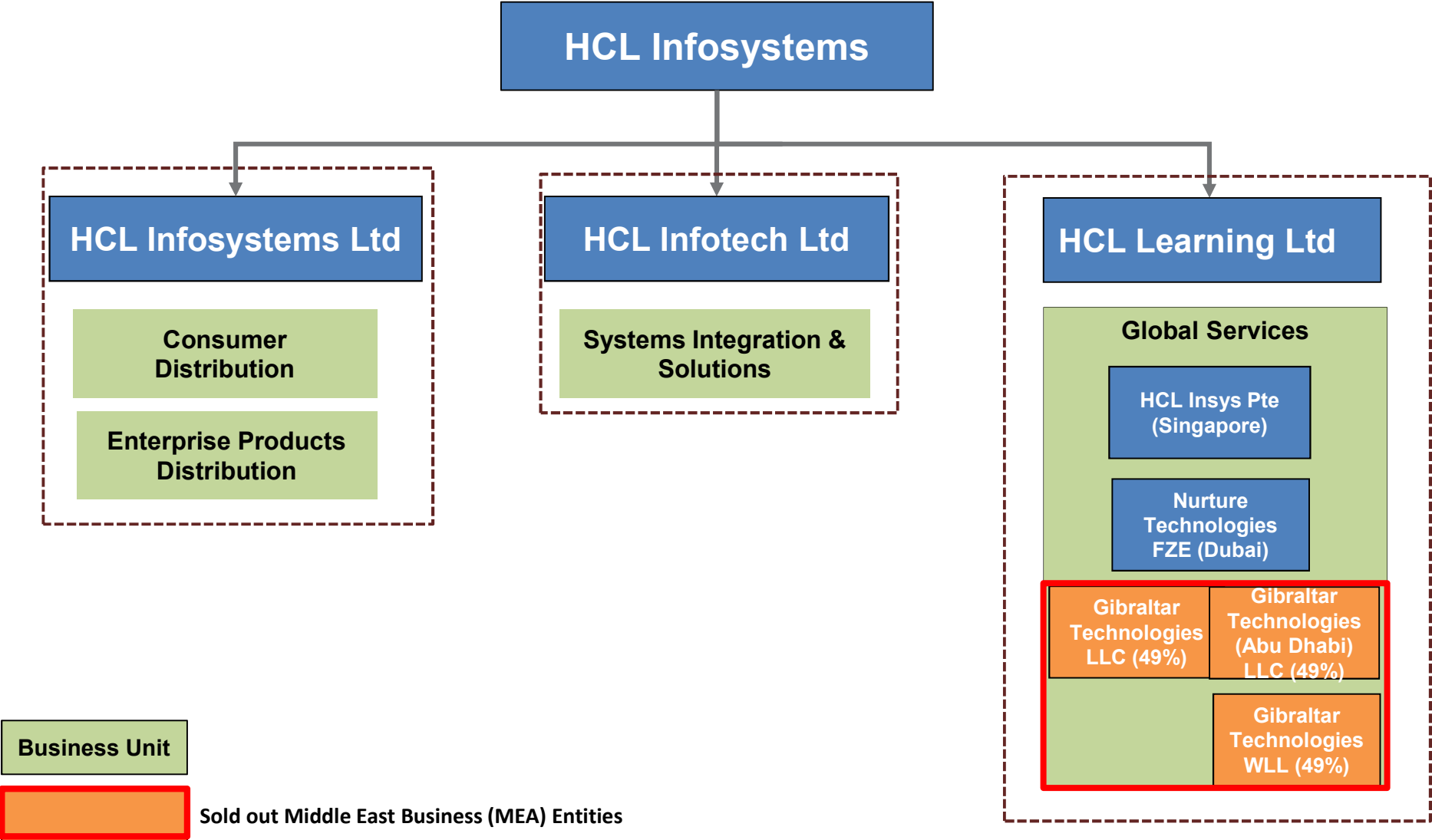
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The enclosed financials provide a line of business wise view based on unaudited management accounts to provide more granularity and are not as per reported segments.

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Organisation Structure



Highlights – Q3FY19

Continuing Operations

- Q3 revenue was Rs. 1,117 Crore vs. Rs. 1,084 Crore in Q2FY19
- Distribution business revenue was Rs. 955 Crore in Q3 vs. Rs. 936 Crore in Q2FY19
 - Enterprise Distribution revenue was Rs. 401 Crore in Q3 vs Rs. 414 Crore in Q2FY19
 - Consumer Distribution revenue was Rs. 554 Crore in Q3 vs. Rs.522 Crore in Q2FY19
- Global Services revenue was Rs. 129 Crore in Q3 vs. Rs 110 Crore in Q2FY19
- In SI projects, the pending order book size stood at Rs. 530 Crore as on 31st December 2018. During this financial year, so far we have billed orders worth Rs. 120 Cr and collected Rs. 234 Cr from our SI projects.
- Profit / (Loss) before interest & tax was Rs. 0.5 Crore in Q3 vs. Rs. (4.3) Crore in Q2FY19

Discontinued Operations

- Pursuant to the approval by the Board of Directors, the entire shareholding held by Nurture Technologies FZE in its direct subsidiaries Gibraltar Technologies LLC (Dubai), Gibraltar Technologies LLC (Abu Dhabi) and step-down subsidiary Gibraltar Technologies WLL (Qatar) has been transferred to a consortium of individuals on November 27, 2018 for a consideration of AED 3.4 Mn (to be trued up as on the date of transfer of shareholding). Business operations associated with these transactions have been considered as discontinued operations.
- Revenue from discontinued operations in Q3FY19 was Rs. 5 Crore
- Profit before tax from discontinued operations in Q3FY19 was Rs. 0.3 Crore

Q3 P&L – Snapshot of continuing operations

Unaudited ₹ crores

Q3 FY19	Particulars	Distribution	Global Services	Learning	SI & Solutions	Unallocated / Eliminations	Total	Q2FY19
1	Consolidated Revenue	955	129	4	28	1	1,117¹	1,084
2	Profit / (Loss) before provision for doubtful debts / write-off and expected credit loss	5.1	6.3	3.5 ⁶	7.7	(6.1)	16.5	(9.7)
3	Provision for doubtful debts / write-off and expected credit loss	0.8	0.0	0.0	22.4	0.0	23.2²	1.1
4	Other Income	0.7	0.5	1.6	0.0	4.4	7.2	6.5
5	Profit / (Loss) before Interest and Tax (2-3+4)	5.0	6.8	5.1	(14.7)	(1.7)	0.5³	(4.3)
6	Net Finance Cost						28.1⁴	28.6
7	Profit / (Loss) before Tax						(27.6)⁵	(32.9)
Q2 FY19	Profit / (Loss) before Interest and Tax (2-3+4)	2.3	5.1	1.4	(10.3)	(2.8)	(4.3)	

- Overall revenue for the quarter was Rs. 1,117 Cr
- Provisions were at Rs. 23.2 Cr in Q3
- Profit before interest & tax was Rs. 0.5 Cr in Q3, vs. Loss of Rs. 4.3 Cr in the previous quarter

- Net Finance Cost was Rs. 28.1 Cr in Q3 vs. Rs. 28.6 Cr in previous quarter
- Loss before tax was down by Rs. 5.3 Cr to Rs. 27.6 Cr in Q3
- Shared IP monetization of content in the Learning Business for Rs 4 Cr

Q3 P&L – Snapshot of continuing operations

Unaudited ₹ crores

Q3 FY19	Particulars	Consumer Distribution	Enterprise Distribution	Global Services	Learning	SI & Solutions	Unallocated / Eliminations	Total	Q2FY19
1	Consolidated Revenue	554	401	129	4	28	1	1,117¹	1,084
2	Profit / (Loss) before provision for doubtful debts / write-off and expected credit loss	4.7	0.4	6.3	3.5 ⁶	7.7	(6.1)	16.5	(9.7)
3	Provision for doubtful debts / write-off and expected credit loss	0.1	0.7	0.0	0.0	22.4	0.0	23.2²	1.1
4	Other Income	0.0	0.7	0.5	1.6	0.0	4.4	7.2	6.5
5	Profit / (Loss) before Interest and Tax (2-3+4)	4.6	0.4	6.8	5.1	(14.7)	(1.7)	0.5³	(4.3)
6	Net Finance Cost							28.1⁴	28.6
7	Profit / (Loss) before Tax & after Exceptional items							(27.6)⁵	(32.9)
Q2 FY19	Profit / (Loss) before Interest and Tax (2-3+4)	2.4	(0.1)	5.1	1.4	(10.3)	(2.8)	(4.3)	

1. Overall revenue for the quarter was Rs. 1,117 Cr
2. Provisions were at Rs. 23.2 Cr in Q3
3. Profit before interest & tax was Rs. 0.5 Cr in Q3, vs. Loss of Rs. 4.3 Cr in previous quarter

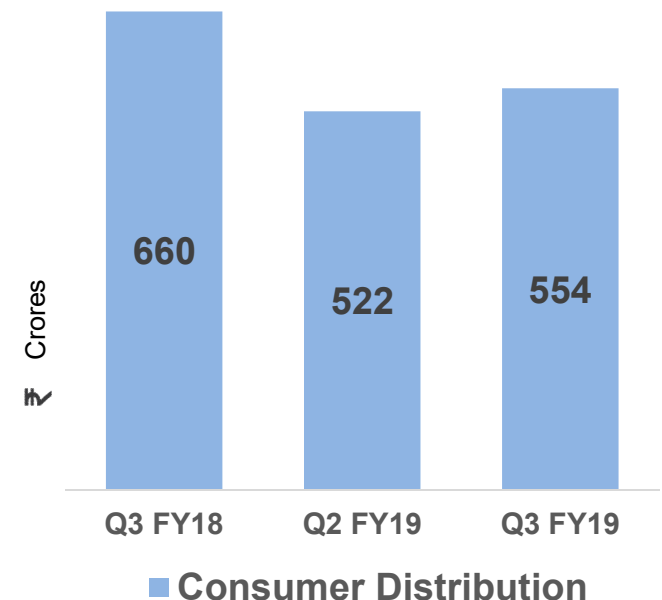
4. Net Finance Cost was Rs. 28.1 Cr in Q3 vs. Rs. 28.6 Cr in previous quarter
5. Loss before tax was down by Rs. 5.3 Cr to Rs. 27.6 Cr in Q3
6. Shared IP monetization of content in the Learning Business for Rs 4 Cr

Consumer Distribution

Consumer Distribution

- Revenue increased 6% Q-o-Q
- The multi-brand multi-channel business model for Consumer Distribution made steady progress during the quarter. Revenue from the distribution partnership with HMD Global for Nokia handsets contributed substantially to the business. Partnerships with both Samsung and Microsoft Surface also gained ground.
- The telecom service provider (Operator) channel gained grounds for Samsung and Nokia and the e-Brandstore business also maintained its steady growth.
- Our partnership with Microsoft witnessed the successful launch of the new Surface Go product in the quarter.

Consumer Distribution Revenue

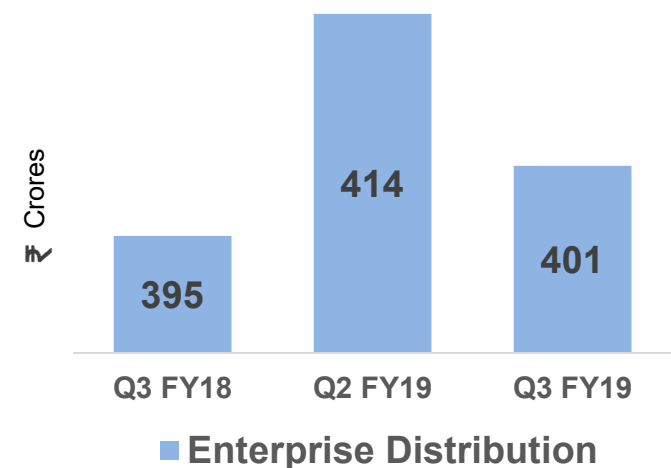


Enterprise Distribution

Enterprise Distribution

- Revenue growth was largely flat on Q-o-Q and Y-o-Y basis
- The small decline in revenue can be attributed, like the last quarter to weak demand arising from rupee devaluation and general market conditions.
- The channel business maintained its track record with a good performance in this quarter also.
- The team also continued its focus on enhancing the Direct Business organization by further strengthening its emerging technology practices such as Network & Security, Cloud, Collaboration and Datacenter.

Enterprise Distribution Revenue



Distribution

Unaudited ₹ crores

S.No.	Particulars	Q3 FY18 OND	Q2 FY19 JAS	Q3 FY19 OND
1	Consolidated Revenue	1055	936	955
2	Profit / (Loss) before provisions for doubtful debts / write-off and expected credit loss	10.1	1.1	5.1
3	Provisions for doubtful debts / write-off and expected credit loss	0.0	0.7	0.8
4	Other Income	0.6	1.9	0.7
5	Profit / (Loss) before Interest and Tax (2-3+4)	10.7	2.3	5.0

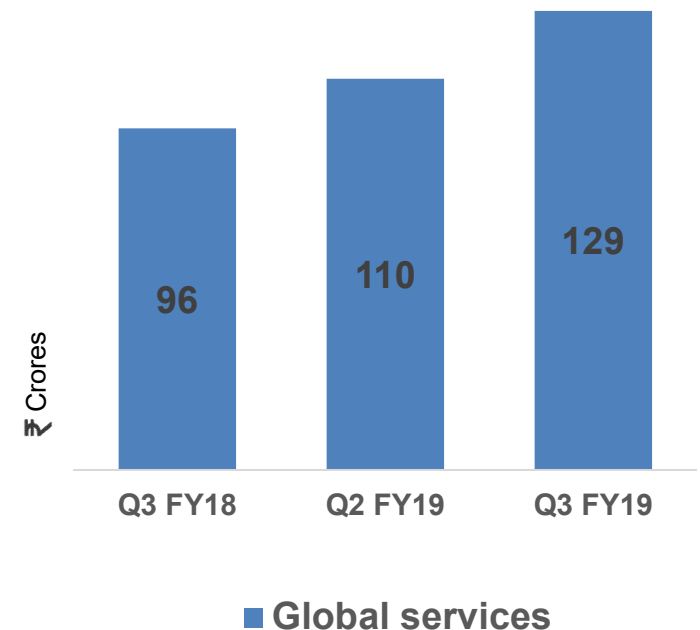
The above numbers provide a line of business wise view based on unaudited management accounts to provide more granularity and are not as per reported segments.

Global Services – continuing operations

Global Services

- The overseas Services business in Singapore remained on its growth path with new customer gains.
- The revenue grew 17% Q-o-Q with Rs. 129 Crore in Q3FY19 versus Rs. 110 Crore in Q2FY19.

Global Services Revenue*



* Revenue from Continuing operations

Global Services – continuing operations

Unaudited ₹ crores

S.No.	Particulars	Q3 FY18 OND	Q2 FY19 JAS	Q3 FY19 OND
1	Consolidated Revenue	96	110	129
2	Profit / (Loss) before provisions for doubtful debts / write-off and expected credit loss	6.0	4.5	6.3
3	Provisions for doubtful debts / write-off and expected credit loss	0.0	0.1	0.0
4	Other Income	1.1	0.7	0.5
5	Profit / (Loss) before Interest and Tax (2-3+4)	7.1	5.1	6.8

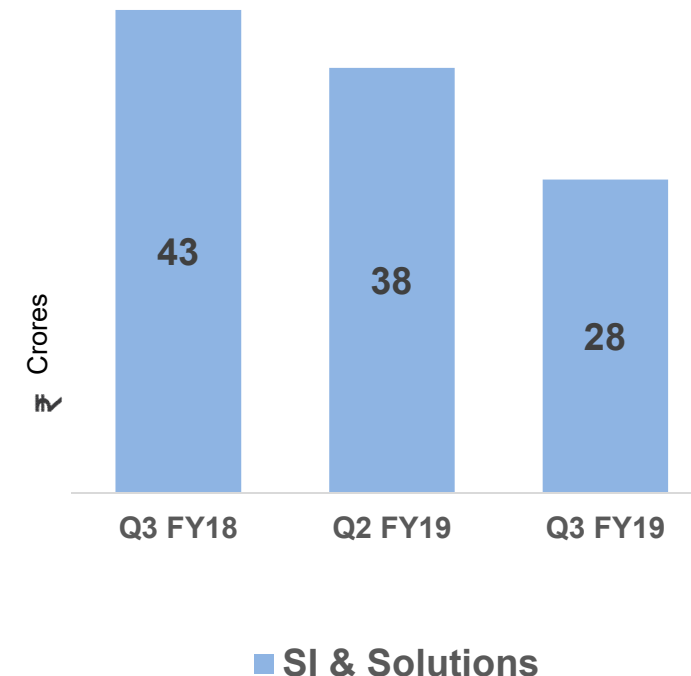
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System Integration and Solutions

Sustained Execution Focus

- Pending order book at ~ Rs.530 Cr
 - Build phase ~ Rs. 70 Cr
 - Managed Services ~ Rs. 90 Cr
 - Support Services & Annuity ~ Rs. 370 Cr
- We have been associated with the Power Projects of certain states under the RAPDRP Programme (Restructured Accelerated Power Development and Reforms Programme). These are System integration projects, an initiative of Ministry of Power, being delivered by the company.
 - The implementation phase is either completed or nearing completion and support phase is starting. Currently, work done is being validated & audited by an independent agency appointed by the customer.
 - We are working closely with the customer, for taking the validation & audit work to closure and expedite payments which are overdue.

SI & Solutions Revenues



System Integration and Solutions

Unaudited ₹ crores

S.No.	Particulars	Q3 FY18 OND	Q2 FY19 JAS	Q3 FY19 OND
1	Consolidated Revenue	43	38	28
2	Profit / (Loss) before provisions for doubtful debts / write-off and expected credit loss	(6.6)	(10.0)	7.7
3	Provisions for doubtful debts / write-off and expected credit loss	3.8	0.3	22.4
4	Other Income	0.7	0	0.0
5	Profit / (Loss) before Interest and Tax (2-3+4)	(9.7)	(10.3)	(14.7)

SI & Solutions –

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

Questions?

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