

HCL Infosystems Reports Revenue of Rs 881 Crore in Q2 FY 2018

29% increase in Revenue on Q-o-Q basis

Consumer Distribution business witnessed good response to multi-brand strategy

Quarter Highlights

- Q2 FY18 revenue at Rs. 881 Crore vs. Rs. 685 Crore in Q1 FY18
- Enterprise Business revenue stood at Rs. 551 Crore in Q2 FY18
- Consumer Business recorded revenue of Rs. 299 Crore in Q2 FY18, up from Rs.69 Crore in Q1 FY18, as the new multi brand business model gained traction
- Profit / (Loss) before interest, tax & exceptional items is Rs. (22.5) Crore vs. Rs. (22.9) Crore in the preceding quarter
- Exceptional items for the quarter include impairment of goodwill for Rs. 390 crores for Services business. As part of its strategy, the Company continues to review and streamline including right size, disengage or wind-down of components of its service offerings, segments and geographies. This has led to an impairment of goodwill in current quarter for the services business.
- Profit / (Loss) before tax and after exceptional items was Rs. (454.4) Crore in Q2 vs. Rs. (66.5) Crore in the preceding quarter

New Delhi, October 25, 2017: HCL Infosystems, India's pioneer IT Services, Solutions & Distribution Company, today announced its financial results for the quarter ended September 30, 2017.

Mr. Premkumar, Executive Vice-Chairman and Managing Director, HCL Infosystems Ltd., commenting on the results said, *"The Company's transformation journey is on course with the new multi-brand Consumer Distribution business model achieving a significant growth in revenue. The consolidation and optimization in our Enterprise Business continues on its planned path. Due to right sizing of our portfolio in Enterprise Services, an impairment charge for goodwill of Rs. 390 Crore was taken in the books."*

Consumer Distribution

In this business, the transition from a single-brand into a multi-brand distribution model has witnessed early success. The Consumer Distribution business has achieved robust traction in the quarter with revenue of Rs. 299 crore, up from Rs. 69 crore in the previous quarter.

Tie-ups with leading telecom OEMs like HMD Global and release of new Nokia models enabled the business to report a robust growth. The business also witnessed increased traction in strategic channels like ecommerce.

The company also signed a Distributor Agreement for distribution of iPhone and other Apple products with M/s Apple India Private Limited (M/s Apple) in the quarter. The business also distributed the iPhone 8 & iPhone 8+ in aligned Territories & Channels.

Enterprise Business

The core Enterprise Business (consisting of Enterprise Products Distribution, Domestic Enterprise Services, Global Enterprise Services and Care Services) continued on its planned journey.

The Enterprise Products Distribution business posted revenue of Rs. 316 Crore with the channel performing in a robust manner. The business also won engagements from marquee customers in areas such as High Performance Computing and Virtualization solutions.



The Enterprise Services business (comprising Domestic Services, Global Services and Care Services) had revenue of Rs. 235 Crore in Q2 FY18.

System Integration (SI) & Solutions

The build phase of projects in our SI and Solutions business is nearing completion and the business registered revenue of Rs. 43 Crore during the second quarter of FY18. The total order book size stood at Rs. 816 Crore as on 30th September 2017.

Earnings Conference Call

We will hold an earnings conference call on 26th October at 12:00 p.m. Indian Standard Time to discuss the performance for the quarter. A transcript of the management discussions and the question and answer session will be available online and will be accessible in the Investor Relations section of our website at www.hclinfosystems.in.

For more information, please visit www.hclinfosystems.in

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About HCL Infosystems

HCL Infosystems is an IT Services, Distribution and Digital Solutions Company, enabling organizations attain and sustain competitive advantage by leveraging Information and Communication Technologies. It offers a portfolio of capabilities spanning IT & System Integration services to value-added distribution of technology, mobility and consumer products. For more information, please visit us at www.hclinfosystems.in; follow HCL Infosystems on Twitter at [@HCLScribes](https://twitter.com/HCLScribes)

About HCL

Founded in 1976 as one of India's original IT garage start-ups, HCL is a pioneer of modern computing with many firsts to its credit, including the introduction of the 8-bit microprocessor-based computer in 1978 well before its global peers. Today, the HCL Enterprise has a presence across varied sectors that include technology, healthcare and talent management solutions and comprises three companies – HCL Infosystems, HCL Technologies and HCL Healthcare. The enterprise generates annual revenues of over US \$7.5 billion with more than 120,000 employees from 140 nationalities operating across 32 countries, including over 500 points of presence in India. For further information, visit www.hcl.com.

(Tables to follow)

CONSOLIDATED RESULTS
Rs crores

	Unaudited			Audited
	Three Months ended			Year ended
	30.09.2017	30.06.2017	30.09.2016	31.03.2017
Income				
Revenue From Operations	880.6	684.2	1,000.1	3,733.7
Other Income	30.2	29.7	36.9	145.7
Total Income	910.8	713.9	1,037.0	3,879.4
Expenses				
Cost of materials consumed	-	0.2	0.2	0.8
Purchase of Stock-in-trade	635.1	446.6	625.1	2,348.6
Changes in Inventories of finished goods, work-in-progress and stock-in-trade	(45.8)	(48.2)	40.2	57.1
Employee benefits expense	114.3	122.7	140.7	539.5
Finance costs	41.9	43.6	47.9	190.3
Depreciation and amortisation expense	6.3	8.2	7.5	31.5
Other Expenses	220.7	204.5	222.5	932.7
Total Expenses	972.5	777.5	1,084.0	4,100.4
Profit / (Loss) before exceptional items and Tax from continuing operations	(61.7)	(63.5)	(47.0)	(221.0)
Exceptional Items loss/ (Gain)	390.0	-	-	50.0
Profit / (Loss) before tax from continuing operations	(451.7)	(63.5)	(47.0)	(271.0)
Tax Expense/ (Credit)	-	-	-	-
Current tax	0.6	1.0	1.2	11.3
Deferred tax	0.5	(12.4)	(13.2)	(56.3)
Net Profit / (Loss) for the period from continuing operations	(452.9)	(52.2)	(34.9)	(226.0)
Profit / (Loss) from discontinued operations	(2.7)	(3.0)	(2.2)	(21.6)
Tax expense / (Credit) of discontinued operations	-	-	-	-
Net Profit / (Loss) for the period from Discontinued operations	(2.7)	(3.0)	(2.2)	(21.6)
Net Profit / (Loss) for the period	(455.6)	(55.1)	(37.1)	(247.7)
Other Comprehensive income				
A.(i) Items that will not be reclassified to profit or loss	(0.0)	0.0	0.0	0.9
(II) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	0.1
B.(i) Items that will be reclassified to profit or loss	1.2	1.2	(1.9)	(7.6)
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-
Total other comprehensive income, net of income tax	1.2	1.2	(1.8)	(6.8)
Total comprehensive income for the period	(454.4)	(54.0)	(39.0)	(254.5)
Basic EPS (Not annualised) Rs/share for discontinued & continuing operations	(20.4)	(2.5)	(1.7)	(11.1)

CONSOLIDATED SEGMENT RESULTS

	Unaudited			Rs crores
				Audited
	Three Months ended			Year ended
	30.09.2017	30.06.2017	30.09.2016	31.03.2017
Segment Revenue				
-Hardware Products and Solutions	43.2	40.4	76.7	361.6
- Services	234.6	211.6	249.9	945.8
- Distribution	614.6	438.7	685.9	2,470.0
- Learning	0.9	1.6	2.7	9.5
Total	893.2	692.3	1,015.2	3,787.0
Less : Intersegment revenue	12.6	8.1	15.1	53.2
Net Sales / Income from Continuing Operations	880.6	684.2	1,000.1	3,733.7
Segment Results (Profit / (Loss) before Tax and Interest from each segment)				
- Hardware Products and Solutions	(13.6)	(7.6)	9.7	(5.7)
- Services	(402.8)	(10.4)	(15.1)	(102.1)
- Distribution	5.0	(2.7)	1.5	7.1
- Learning	(1.9)	(0.2)	2.0	2.8
Total	(413.3)	(20.8)	(1.9)	(97.9)
Less :				
i) Interest Expense	41.9	43.6	47.9	190.3
ii) Other un-allocable expenditure net off un-allocable (income)	(3.5)	(0.9)	(2.8)	(17.1)
Total Profit / (Loss) before Tax from continuing operations	(451.7)	(63.5)	(47.0)	(271.0)
Segment Assets				
- Hardware Products and Solutions	1,087.3	1,213.3	1,494.3	1,238.5
- Services	395.6	829.6	906.0	740.5
- Distribution	740.4	541.3	367.5	442.0
- Learning	12.8	18.0	54.3	23.8
- Discontinued Operations	46.1	48.4	58.9	50.6
- Unallocated	616.4	563.4	594.0	688.6
Total Assets	2,898.5	3,214.0	3,475.0	3,184.0
Segment Liabilities				
- Hardware Products and Solutions	510.2	569.9	590.5	585.4
- Services	225.8	202.4	241.4	222.2
- Distribution	725.4	518.5	434.0	427.4
- Learning	13.6	14.6	19.0	16.0
- Discontinued Operations	0.4	0.4	0.6	0.4
- Unallocated	1,381.7	1,412.9	1,460.6	1,383.3
Total Liabilities	2,857.2	2,718.7	2,746.2	2,634.6