

HCL Infosystems posts revenue of INR 765 Crore in Q3 FY 2017

- Consumer Business readies for Multi-Brand Telecom Distribution
- Enterprise focus continues for growth and profitability with Services geared for robust traction

Quarter Highlights

- Overall Revenue of Rs. 765 Crore in Q3
- Enterprise Business continues to grow with revenue of Rs. 490 Crore in Q3 (+5% YoY) on the back of strong order book growth.
- Progress made towards project completion and receivables in the System Integration (SI) business with a collection of Rs. 200 Crore from a major Defence Project
- Consolidated Profit / (Loss) before Tax at Rs. (65.8) Cr in Q3

New Delhi, January 31, 2017: HCL Infosystems, one of India's premier IT Services, Distribution and Digital Solutions Company, today announced its financial results for the third quarter ended December 31, 2016.

Mr. Premkumar Seshadri, Executive Vice-Chairman and Managing Director, HCL Infosystems Ltd., commenting on the results said, *"The restrained market environment in the consumer business coupled with Partner transition impacted overall revenue & profitability. Our investments in the Enterprise Business have helped make this business a significant part of company revenues. Enterprise Services won over Rs. 100 Cr of TCV in the quarter. The SI focus on execution is sustained as more projects come to end of build phase."*

Enterprise Business:

Domestic Business

The Enterprise focused GTM witnessed positive traction and resulted in new wins, especially in the BFSI sector. The business continues to invest and build competencies including in emerging technologies to leverage for growth in a challenging market environment.

Also the Enterprise Services business is poised for growth on account of a few positive developments. Ongoing Contract rationalization and productivity improvement initiatives in the business has been undertaken to enhance profitability. Again certain key wins in the quarter has combined into a total contract value which should contribute to revenue momentum in the business.

Global Business

The Global Business continued its growth in Q3, in terms of both revenue and profitability. The company expanded its global footprints during the quarter, venturing into Oman to deliver IoT and M2M services besides innovative digital offerings and e-Government solutions.

Consumer Business:

Market environment and transition by the Principal impacted the revenue of the Consumer Distribution Business. The business recorded revenue of Rs. 221 crore, a drop of 50% Q-o-Q in revenues.

System Integration (SI) & Solutions:

The SI & Solutions business, in its final phase of build in most projects stays focused on execution and collections. The business registered revenue of Rs. 59 Crore in Q3 FY2017 with orders worth Rs. 75 Crore executed during the quarter. The business collected Rs. 200 Crore in this quarter from one of its projects.

Earnings Conference Call

We will hold an earnings conference call on 2nd February at 4 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 one of India's premier IT Services, Distribution and Digital Solutions Company, enabling organizations attain and sustain competitive advantage by leveraging Information and Communication Technologies. It offers a comprehensive portfolio of capabilities spanning IT & System Integration services, digitally-enabled learning 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 its presence across varied sectors that include technology, healthcare and talent management solutions. The organization, as a whole, comprises of four companies - HCL Infosystems, HCL Technologies, HCL Healthcare and HCL TalentCare. The enterprise generates annual revenue of over US\$ 7 billion with more than 110,000 employees from 100 nationalities operating across 31 countries, including over 500 points of presence in India. For further information, visit www.hcl.com

(Tables to follow)

CONSOLIDATED RESULTS
Rs crores

	Unaudited			Unaudited		Audited
	Three Months ended			Year to Date		
	31.12.2016	30.09.2016	31.12.2015	Nine Months Ended 31.12.2016	Six Months Ended 31.12.2015	Nine Months period Ended 31.03.2016
Income from operations						
(a) Net sales/Income from operations	764.6	1,001.6	1,117.9	2,914.5	2,587.1	3,656.2
(b) Other operating income	-	-	-	0.0	-	9.9
Total Income from operations	764.6	1,001.6	1,117.9	2,914.5	2,587.1	3,666.1
Expenses						
Cost of materials consumed	0.1	0.2	-	0.6	-	0.1
Purchases of Stock-in-trade	505.0	665.6	810.6	1,974.4	1,870.2	2,606.4
Changes in Inventories of finished goods, work-in-progress and stock-in-trade	1.8	40.2	7.4	50.4	14.8	41.1
Employee benefits expense	128.6	141.3	161.4	419.1	312.2	458.3
Depreciation and amortisation expense	11.9	9.4	11.2	30.3	22.1	32.0
Other Expenses	168.8	183.2	196.5	567.0	457.2	684.8
Total Expenses	816.1	1,039.9	1,187.0	3,041.7	2,676.4	3,822.6
Profit / (Loss) from Operations before Other Income, finance costs and exceptional items	(51.5)	(38.2)	(69.2)	(127.3)	(89.3)	(156.5)
Other Income	34.9	36.9	42.4	107.9	87.7	130.3
Profit / (Loss) from ordinary activities before finance costs and exceptional items	(16.6)	(1.3)	(26.8)	(19.3)	(1.6)	(26.2)
Finance costs	49.2	47.9	41.9	141.4	79.0	125.7
Profit / (Loss) before exceptional items	(65.8)	(49.2)	(68.8)	(160.7)	(80.7)	(151.9)
Exceptional Items loss/ (Gain)	-	-	-	-	(3.9)	67.2
Profit / (Loss) before tax	(65.8)	(49.2)	(68.8)	(160.7)	(76.8)	(219.1)
Tax Expense/ (Credit)	(15.1)	(12.0)	(11.9)	(37.2)	(17.1)	(4.8)
Net Profit / (Loss) from ordinary activities after Tax	(50.7)	(37.1)	(56.8)	(123.6)	(59.7)	(214.3)
Extraordinary items (net of tax expense)	-	-	-	-	-	-
Net Profit / (Loss) for the period before share of profit / (loss) of associates and joint ventures	(50.7)	(37.1)	(56.8)	(123.6)	(59.7)	(214.3)
Share of Profit / (loss) of associates and joint ventures	-	-	-	-	-	-
Net Profit / (Loss) after taxes, and share of Profit / (Loss) of associates	(50.7)	(37.1)	(56.8)	(123.6)	(59.7)	(214.3)
Other Comprehensive income, net of income tax						
A. Items that will not be reclassified to profit or loss	0.0	0.0	0.0	0.0	0.1	0.1
B. Items that will be reclassified to profit or loss	(3.5)	(1.9)	0.8	(5.4)	3.8	4.9
Total other comprehensive income, net of income tax	(3.5)	(1.8)	0.8	(5.3)	3.9	5.0
Total comprehensive income for the period	(54.2)	(39.0)	(56.0)	(128.9)	(55.8)	(209.3)
Basic EPS (Not annualised) Rs/share	(2.3)	(1.7)	(2.5)	(5.5)	(2.7)	(9.6)

CONSOLIDATED SEGMENT RESULTS

Rs crores

	Unaudited			Unaudited		Audited
	Three Months ended			Year to Date		Nine Months
	31.12.2016	30.09.2016	31.12.2015	Nine Months Ended 31.12.2016	Six Months Ended 31.12.2015	period Ended 31.03.2016
Segment Revenue						
- Hardware Products and Solutions (Net)	60.1	76.7	111.0	259.3	273.9	357.3
- Services (Net)	233.6	249.9	259.0	728.2	513.6	757.7
- Distribution	475.8	685.9	780.8	1,966.1	1,844.7	2,609.1
- Learning	2.7	4.2	4.8	10.9	11.8	16.5
Total	772.1	1,016.8	1,155.5	2,964.5	2,643.9	3,740.7
Less : Intersegment revenue	7.5	15.1	37.6	50.1	56.8	84.4
Net Sales / Income from Operations	764.6	1,001.6	1,117.9	2,914.5	2,587.1	3,656.2
Segment Results (Profit / (Loss) before Tax and Interest from each segment)						
- Hardware Products and Solutions	(10.1)	9.7	(14.8)	14.4	14.9	2.6
- Services	(9.5)	(15.1)	(14.2)	(44.7)	(23.6)	(39.8)
- Distribution	-	1.5	2.9	6.6	4.2	6.4
- Learning	(1.7)	(0.3)	(3.7)	(4.1)	(6.0)	(79.1)
Total	(21.3)	(4.1)	(29.8)	(27.8)	(10.4)	(109.8)
Less :						
i) Interest Expense	49.2	47.9	41.9	141.4	79.0	125.7
ii) Other un-allocable expenditure net off un-allocable (income)	(4.7)	(2.8)	(3.0)	(8.5)	(12.7)	(16.5)
Total Profit / (Loss) before Tax	(65.8)	(49.2)	(68.8)	(160.7)	(76.8)	(219.1)
Segment Assets						
- Hardware Products and Solutions	1,287.1	1,494.3	1,670.4	1,287.1	1,670.4	1,559.0
- Services	899.8	906.0	968.9	899.8	968.9	947.1
- Distribution	388.8	367.0	482.2	388.8	482.2	491.3
- Learning	102.0	113.2	224.5	102.0	224.5	142.5
Unallocated						
- Liquid Assets	120.8	116.0	162.1	120.8	162.1	51.1
- Others unallocated	645.4	478.1	358.8	645.4	358.8	385.5
Total Assets	3,443.9	3,474.5	3,866.9	3,443.9	3,866.9	3,576.5
Segment Liabilities						
- Hardware Products and Solutions	571.8	590.5	849.9	571.8	849.9	718.6
- Services	230.3	241.4	227.3	230.3	227.3	215.5
- Distribution	347.8	433.1	437.3	347.8	437.3	470.8
- Learning	17.9	19.6	22.7	17.9	22.7	21.4
Unallocated						
- Others unallocated	1,601.1	1,460.6	1,372.2	1,601.1	1,372.2	1,346.3
Total Segment Liabilities	2,768.9	2,745.2	2,909.5	2,768.9	2,909.5	2,772.5