HCL Infosystems Reports Revenue of INR 685 Crore in Q1 FY 2018

Q1 revenue drops 17 % Q-o-Q due to Consumer business contraction of 58% Q-o-Q
Enterprise Business continues on its growth track

Quarter Highlights

- Q1 FY18 revenue was Rs. 685 Crore vs. Rs. 823 Crore in Q4 FY17
- Enterprise Business revenue grew from Rs. 566 Crore in Q4 FY 17 to Rs. 582 Crore in Q1 FY 18
- Consumer Business recorded revenue of Rs. 69 Crore in Q1, decline due to transition from single brand to multi brand business model
- Loss before interest, tax & exceptional items is Rs. (22.9) Crore vs. Rs. (22.0) Crore in the preceding quarter
- Loss before tax and after exceptional items reduced to Rs. (66.5) Cr vs. Rs. (131.9) Cr in the preceding quarter

New Delhi, July 26, 2017: HCL Infosystems, India's pioneer IT Services, Solutions & Distribution Company, today announced its financial results for the quarter ended June 30, 2017.

Mr. Premkumar Seshadri, Executive Vice-Chairman and Managing Director, HCL Infosystems Ltd., commenting on the results said, *"The planned focus on the Enterprise Business has been maintaining its growth course while in the Consumer Business we are steadfast in our transition from single-brand to a multi-brand business model. Both are integral to the company's onward transformation journeys."*

Enterprise Business:

The core Enterprise Business consisting of Enterprise Products Distribution, Domestic Enterprise Services, Global Enterprise Services and Care Services continued on its positive growth track. The focus of the company in building capabilities in emerging technologies resulted in further strengthening of its portfolio in this segment through partnerships such as with Parablu to offer Cloud data protection and management solutions to enterprises across the country.

The Enterprise Products Distribution business continued its consistently robust performance with 10% growth in QoQ as well in YoY revenue. In the quarter, the business launched a comprehensive Channel Partner program to provide promotional and financial incentives to its partners. Higher sales were also achieved from channel partners and OEMs.

The Enterprise Services business (comprising Domestic Services, Global Services and Care Services) clocked revenue of Rs. 212 crore in Q1 FY18 with a revenue decline of 8% QoQ. The decline in revenue can be attributed to the Office Automation Consumables business being regrouped with the Enterprise Distribution business due to better business synergies. Also ongoing contract rationalization for profitability improvement impacted revenues in this business.

Consumer Business:

The Consumer Distribution business is focused on new tie-ups with leading telecom OEMs as part of its Multi-Brand Telecom Distribution strategy. Though there have been ongoing discussions with OEMs, the transitioning away process from a single-brand into a multi- brand distribution has impacted revenues. Revenue declined 58% from Rs. 163 Crore in Q4 FY17 to Rs. 69 Crore in Q1 FY18.

System Integration (SI) & Solutions:

The SI and Solutions business registered revenue of Rs. 40 Crore during the first quarter of FY18. The total order book size stood at Rs. 715 Crore as on 30th June 2017. The focus remained on completion of major projects and collection of receivables even as projects valued at Rs. 60 crore were signed off in this quarter. The flagship UIDAI project crossed the milestone of enrollment of more than 115 crore Aadhaar cards.

Other Highlights (AMJ Q1 FY2018)

- HCL Insys Pte Ltd. (the Singapore based Global Services arm of HCL Infosystems) won Quality Excellence Award for 'Best Customer Service Results' at the Golden Globe Tigers Awards held in Malaysia. The company was felicitated internationally for its improvement initiatives on Customer Satisfaction.
- HCL Infosystems was named as one of the 'Most Admired Brand in Indian ICT Industries' at the INFOTECH FORUM 2017 held in New Delhi.

Earnings Conference Call

We will hold an earnings conference call on 27th July at 10:30 a.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 India's pioneer IT Services, Solutions & Distribution Company providing the choice of multi-brand global technology products and the capability of best-in-class, business-aligned IT services and solutions. Our offerings portfolio spans IT and System Integration services, value-added distribution of enterprise technology and consumer mobility products by helping our clients across industries to attain and sustain competitive business edge we aim to be 'Your Technology Lifecycle Partner'. For more information, please visit us at www.hclinfosystems.in; follow HCL Infosystems on Twitter at @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
	30.06.2017	31.03.2017	30.06.2016	31.03.2017
Income				
Revenue From Operations	684.2	822.6	1,147.0	3,733.7
Other Income	29.7	33.3	36.1	145.7
Total Income	713.9	855.9	1,183.1	3,879.4
Expenses				
Cost of materials consumed	0.2	0.2	0.2	0.8
Purchases of Stock-in-trade	487.8	532.8	803.9	2,507.2
Changes in Inventories of finished goods, work-in-progress and stock-in-trade	(48.2)	6.8	8.4	57.1
Employee benefits expense	122.7	122.1	148.5	539.5
Finance costs	43.6	48.9	44.4	190.3
Depreciation and amortisation expense	8.2	7.0	7.1	31.5
Other Expenses	163.3	206.4	213.5	774.0
Total Expenses	777.5	924.1	1,226.0	4,100.4
Profit / (Loss) before exceptional items and Tax from continuing operations	**(63.5)**	**(68.1)**	**(42.8)**	**(221.0)**
Exceptional Items loss/ (Gain)	-	50.0	-	50.0
Profit / (Loss) before tax from continuing operations	(63.5)	(118.2)	(42.8)	(271.0)
Tax Expense/ (Credit)				
Current tax	1.0	7.7	0.9	11.3
Deferred tax	(12.4)	(15.5)	(11.0)	(56.3)
Net Profit / (Loss) for the period from continuing operations	**(52.2)**	**(110.3)**	**(32.8)**	**(226.0)**
Profit / (Loss) from discontinued operations	(3.0)	(13.8)	(3.0)	(21.6)
Tax expense / (Credit) of discontinued operations	-	-	-	-
Net Profit / (Loss) for the period from Discontinued operations	**(3.0)**	**(13.8)**	**(3.0)**	**(21.6)**
Net Profit / (Loss) for the period	**(55.1)**	**(124.1)**	**(35.7)**	**(247.7)**
Other Comprehensive income				
A.(i) Items that will not be reclassified to profit or loss	0.0	0.9	0.0	0.9
(II) Income tax relating to items that will not be reclassified to profit or loss	-	0.1	-	0.1
B.(i) Items that will be reclassified to profit or loss	1.2	(2.3)	-	(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	(1.5)	0.0	(6.8)
Total comprehensive income for the period	**(54.0)**	**(125.6)**	**(35.7)**	**(254.5)**
Basic EPS (Not annualised) Rs/share for discontinued & continuing operations	**(2.5)**	**(5.6)**	**(1.6)**	**(11.1)**

CONSOLIDATED SEGMENT RESULTS

Rs crores

	Unaudited			Audited
	Three Months ended			Year ended
	30.06.2017	31.03.2017	30.06.2016	31.03.2017
Segment Revenue				
-Hardware Products and Solutions	40.4	102.3	122.5	361.6
- Services	211.6	229.2	244.7	945.8
- Distribution	438.7	503.9	804.4	2,470.0
- Learning	1.6	1.9	2.8	9.5
Total	692.3	837.3	1,174.4	3,787.0
Less : Intersegment revenue	8.1	14.7	27.4	53.2
Net Sales / Income from Continuing Operations	**684.2**	**822.6**	**1,147.0**	**3,733.7**
Segment Results (Profit / (Loss) before Tax and Interest from each segment)				
- Hardware Products and Solutions	(7.6)	(20.1)	14.8	(5.7)
- Services	(10.4)	(57.4)	(20.1)	(102.1)
- Distribution	(2.7)	0.5	5.2	7.1
- Learning	(0.2)	(1.0)	0.8	2.8
Total	(20.8)	(77.9)	0.6	(97.9)
Less :				
i) Interest Expense	43.6	48.9	44.4	190.3
ii) Other un-allocable expenditure net off un-allocable (income)	(0.9)	(8.6)	(1.0)	(17.1)
Total Profit / (Loss) before Tax from continuing operations	**(63.5)**	**(118.2)**	**(42.8)**	**(271.0)**
Segment Assets				
- Hardware Products and Solutions	1,213.3	1,238.5	1,533.3	1,238.5
- Services	829.6	740.5	935.2	740.5
- Distribution	541.3	442.0	504.6	442.0
- Learning	18.0	23.8	53.0	23.8
- Discontinued Operations	48.4	50.6	66.3	50.6
- Unallocated	563.4	688.6	553.6	688.6
Total Assets	**3,214.0**	**3,184.0**	**3,646.0**	**3,184.0**
Segment Liabilities				
- Hardware Products and Solutions	569.9	585.4	682.2	585.4
- Services	202.4	222.2	228.9	222.2
- Distribution	518.5	427.4	548.8	427.4
- Learning	14.6	16.0	18.3	16.0
- Discontinued Operations	0.4	0.4	0.5	0.4
- Unallocated	1,412.9	1,383.3	1,397.6	1,383.3
Total Segment Liabilities	**2,718.7**	**2,634.6**	**2,876.4**	**2,634.6**