

HCL Infosystems posts revenue of INR 1,002 Crore in Q2 FY 2017

Enterprise focus continues to support growth and profitability improvement

Quarter Highlights

- Overall revenue declined from Rs. 1,148 Cr in Q1 to Rs. 1,002 Cr in Q2
- Enterprise business revenue grew 8% Y-o-Y and sequentially reduced PBIT Loss from Rs 28 Cr in Q1 to Rs. 18.5 Cr in Q2
- Marginally improved consolidated Profit / (Loss) before interest and tax to Rs. (3.3) Cr in Q2 from Rs (4.5) Cr in Q1
- Consolidated Profit / (Loss) before Tax at Rs. (49.1) Cr in Q2 vs Rs. (45.8) Cr in Q1 primarily due to higher finance cost

New Delhi, October 28, 2016: HCL Infosystems, one of India's premier IT Services, Distribution and Digital Solutions Company, today announced its financial results for the second quarter ended September 30, 2016.

Mr. Premkumar, Executive Vice-Chairman and Managing Director, HCL Infosystems Ltd., commenting on the results said, *"Our thrust on the Enterprise Business continues to deliver and despite headwinds from our Consumer Business, the contraction of loss is aligned to our turnaround journey. Augmented emphasis around SI project execution and commercial enablement for payment realization is a critical focus area ahead."*

Enterprise Business:

Domestic Business

We have aligned a strong GTM across emerging technology areas and the same is seeing positive client traction. Our investment in a state of the art remote support center is also completed. We are well poised to leverage these investments as the muted environment improves.

Global Business

The Global Services business in this quarter continued its positive momentum with a steady profitable business in Singapore and good traction in the Middle East. We have reached a critical milestone in a security & surveillance SI project for a utility company.

In Singapore, our customers continue to repose their confidence in us and we have renewed the contracts successfully for an extended period of time. Our customer satisfaction is best among peers and clearly eliciting further positive traction with our customers.

Consumer Business:

The headwinds in the Consumer business due to portfolio gaps and product availability have impacted significantly (6% Q-o-Q decline in revenue).

System Integration (SI) & Solutions:

The SI & Solutions business registered revenue of INR 76 Cr in Q2 FY2017, with orders worth Rs. 90 Cr executed during the quarter. During the quarter, HCL Infotech completed implementation of e-PDS Solution in Andamans, issuing smart ration cards.

Awards & Recognitions

- HCL Infosystems won CMO Asia Award for Brand Excellence in the 'Telecom Service Category'
- HCL Infosystems recertified as Cisco 'Gold Certified Partner'

Earnings Conference Call

We will hold an earnings conference call on 1st November at 4:30 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

Contact for Investor Relations

Sumeet Ahluwalia
Phone: +91-120 2522879
sumeet.ahluwalia@hcl.com

Contact for Media & Press

Tanay J. Gogoi
Phone: +91-120 2545606
tanay.gogoi@hcl.com

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 a presence across varied sectors that include technology, healthcare and talent management solutions and comprises four companies - HCL Infosystems, HCL Technologies, HCL Healthcare and HCL TalentCare. The enterprise generates annual revenues of over US\$ 7 billion with more than 105,000 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		
	30.09.2016	30.06.2016	30.09.2015	Six Months Ended 30.09.2016	Three Months Ended 30.09.2015	Nine Months period Ended 31.03.2016
Income from operations						
(a) Net sales/Income from operations	1,001.6	1,148.2	1,469.2	2,149.8	1,469.2	3,656.2
(b) Other operating income	-	0.0	-	0.0	-	9.9
Total Income from operations	1,001.6	1,148.2	1,469.2	2,149.8	1,469.2	3,666.1
Expenses						
Cost of materials consumed	0.2	0.2	-	0.5	-	0.1
Purchases of Stock-in-trade	665.6	803.9	1,059.5	1,469.5	1,059.5	2,606.4
Changes in Inventories of finished goods, work-in-progress and stock-in-trade	40.2	8.4	7.5	48.6	7.5	41.1
Employee benefits expense	141.3	149.2	150.8	290.5	150.8	458.3
Depreciation and amortisation expense	9.4	9.0	10.9	18.4	10.9	32.0
Other Expenses	183.2	215.0	260.7	398.2	260.7	684.8
Total Expenses	1,039.9	1,185.8	1,489.4	2,225.6	1,489.4	3,822.6
Profit / (Loss) from Operations before Other Income, finance costs and exceptional items	(38.2)	(37.5)	(20.2)	(75.8)	(20.2)	(156.5)
Other Income	36.9	36.1	45.4	73.1	45.4	130.3
Profit / (Loss) from ordinary activities before finance costs and exceptional items	(1.3)	(1.4)	25.2	(2.7)	25.2	(26.2)
Finance costs	47.9	44.4	37.1	92.2	37.1	125.7
Profit / (Loss) before exceptional items	(49.1)	(45.8)	(11.9)	(94.9)	(11.9)	(151.9)
Exceptional Items loss/ (Gain)	-	-	(3.9)	-	(3.9)	67.2
Profit / (Loss) before tax	(49.1)	(45.8)	(8.1)	(94.9)	(8.1)	(219.1)
Tax Expense/ (Credit)	(12.0)	(10.1)	(5.2)	(22.1)	(5.2)	(4.8)
Net Profit / (Loss) from ordinary activities after Tax	(37.1)	(35.7)	(2.9)	(72.8)	(2.9)	(214.3)
Extraordinary items (net of tax expense)	-	-	-	-	-	-
Net Profit / (Loss) for the period before share of profit / (loss) of associates and joint ventures	(37.1)	(35.7)	(2.9)	(72.8)	(2.9)	(214.3)
Share of Profit / (loss) of associates and joint ventures	-	-	-	-	-	-
Net Profit / (Loss) after taxes, and share of Profit / (Loss) of associates	(37.1)	(35.7)	(2.9)	(72.8)	(2.9)	(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	0.0	0.1
B. Items that will be reclassified to profit or loss	(1.9)	-	3.0	(1.9)	3.0	4.9
Total other comprehensive income, net of income tax	(1.8)	0.0	3.0	(1.8)	3.0	5.0
Total comprehensive income for the period	(39.0)	(35.7)	0.2	(74.7)	0.2	(209.3)
Basic EPS (Not annualised) Rs/share	(1.7)	(1.6)	(0.1)	(3.3)	(0.1)	(9.6)

CONSOLIDATED SEGMENT RESULTS
Rs crores

	Unaudited			Unaudited			Audited
	Three Months ended			Year to Date			
	30.09.2016	30.06.2016	30.09.2015	Six Months Ended 30.09.2016	Three Months Ended 30.09.2015	Nine Months period Ended 31.03.2016	
Segment Revenue							
-Hardware Products and Solutions (Net)	76.7	122.5	162.9	199.2	162.9	357.3	
- Services (Net)	249.9	244.7	254.6	494.6	254.6	757.7	
- Distribution	685.9	804.4	1,063.9	1,490.3	1,063.9	2,609.1	
- Learning	4.2	4.1	7.0	8.2	7.0	16.5	
Total	1,016.8	1,175.7	1,488.4	2,192.4	1,488.4	3,740.7	
Less : Intersegment revenue	15.1	27.4	19.2	42.6	19.2	84.4	
Net Sales / Income from Operations	1,001.6	1,148.2	1,469.2	2,149.8	1,469.2	3,656.2	
	-	-	-	-	-	-	
Segment Results (Profit / (Loss) before Tax and Interest from each segment)							
- Hardware Products and Solutions	9.7	14.8	29.7	24.5	29.7	2.6	
- Services	(15.1)	(20.1)	(9.4)	(35.2)	(9.4)	(39.8)	
- Distribution	1.5	5.2	1.4	6.6	1.4	6.4	
- Learning	(0.3)	(2.2)	(2.3)	(2.5)	(2.3)	(79.1)	
Total	(4.1)	(2.4)	19.4	(6.5)	19.4	(109.8)	
Less :							
i) Interest Expense	47.9	44.4	37.1	92.2	37.1	125.7	
ii) Other un-allocable expenditure net off un-allocable (income)	(2.8)	(1.0)	(9.7)	(3.8)	(9.7)	(16.5)	
Total Profit / (Loss) before Tax	(49.1)	(45.8)	(8.1)	(94.9)	(8.1)	(219.1)	
Segment Assets							
- Hardware Products and Solutions	1,494.3	1,533.3	1,780.3	1,494.3	1,780.3	1,559.0	
- Services	906.0	935.2	994.0	906.0	994.0	947.1	
- Distribution	367.0	504.6	458.5	367.0	458.5	491.3	
- Learning	113.2	119.3	233.8	113.2	233.8	142.5	
Unallocated							
- Liquid Assets	116.0	101.6	223.2	116.0	223.2	51.1	
- Others unallocated	478.1	452.0	326.4	478.1	326.4	385.5	
Total Assets	3,474.5	3,646.0	4,016.2	3,474.5	4,016.2	3,576.5	
Segment Liabilities							
- Hardware Products and Solutions	590.5	682.2	978.3	590.5	978.3	718.6	
- Services	241.4	228.9	256.2	241.4	256.2	215.5	
- Distribution	433.1	548.8	423.9	433.1	423.9	470.8	
- Learning	19.6	18.8	23.9	19.6	23.9	21.4	
Unallocated							
- Others unallocated	1,460.6	1,397.6	1,320.6	1,460.6	1,320.6	1,346.3	
Total Segment Liabilities	2,745.2	2,876.4	3,002.9	2,745.2	3,002.9	2,772.5	

Rs crores

Statement of Assets and Liabilities

Consolidated

Unaudited as at 30.09.2016 Audited as at 31.03.2016

ASSETS

Non-Current Assets

Property, plant And equipment	129	131
Capital work-in-progress	2	2
Goodwill	568	568
Other intangible assets	23	29
Intangible assets under development	3	2
Financial Assets		
i. Investments	0	0
ii. Other Financial Assets	37	93
Deferred tax assets (net)	134	110
Advance Income Tax Asset (net)	142	112
Other non-current assets	129	130
Total non-current assets	1166	1176

Current assets

Inventories	162	214
Financial assets		
i. Investments	116	50
ii. Trade receivables	1474	1560
iii. Cash and cash equivalents	157	199
iv. Bank balances other than (iii) above	36	19
v. Loans	0	1
vi. Other Financial Assets	235	252
Other current assets	129	104

Total current assets

Total current assets	2309	2400
-----------------------------	-------------	-------------

Total assets

Total assets	3475	3576
---------------------	-------------	-------------

EQUITY AND LIABILITIES

Equity

Equity share capital	45	45
Other Equity	685	759
Total Equity	729	804

LIABILITIES

Non-current liabilities

Financial liabilities		
i. Borrowings	447	520
Provisions	21	20
Deferred tax liabilities (net)	1	1
Other non-current liabilities	1	3
Total non-current liabilities	470	543

Current liabilities

Financial liabilities		
i. Borrowings	576	454
ii. Trade payables	817	908
iii. Other financial liabilities	444	382
Other current liabilities	407	456
Provisions	29	29
Current tax liabilities (net)	2	1

Total current liabilities

Total current liabilities	2275	2229
----------------------------------	-------------	-------------

Total liabilities

Total liabilities	2745	2773
--------------------------	-------------	-------------

Total equity and liabilities

Total equity and liabilities	3475	3576
-------------------------------------	-------------	-------------