

HCL Infosystems Reports Revenue of Rs 3,612 Crore in FY18 from continuing operations, an increase of 12% Y-o-Y

**Q4FY18 revenue from continuing operations was Rs. 1,067 Crore*, Y-o-Y increase of 51%
Distribution Business revenue for FY18 stood at Rs. 3,016 Crore, Y-o-Y increase of 22%**

May 29, 2018, New Delhi

FY18 Business Highlights of Continuing Operations

- FY18 revenue was Rs. 3,612 Crore vs. Rs. 3,225 Crore in FY17, an increase of 12% Y-o-Y
- Distribution Business revenue for FY18 stood at Rs. 3016 Crore, Y-o-Y increase of 22%
 - FY18 Annual revenue of Enterprise Distribution was Rs. 1,524 Crore vs. Rs. 1,168 Crore in FY17, Y-o-Y increase of 30%.
 - Consumer Distribution clocked revenue of Rs. 1,492 Crore in FY18 vs. Rs. 1,298 Crore in FY17, an increase of 15%.
- Profit / (Loss) before interest, tax and exceptional items was Rs. (30.7) Crore vs. Rs.30.5 Crore in the preceding year
- Profit / (Loss) before tax and after exceptional items was Rs. (201.6) Crore in the FY vs. Rs. (133) Crore in the preceding year. Exceptional items include impairment of Goodwill for Learning business Rs. 31.4 Crore in FY18 and for FY17 the impairment of Goodwill for Learning business which was Rs. 11 Crore

Revenue from discontinued operations in FY18 was Rs. 434 Crore and Profit / (Loss) before tax was Rs. (507) Crore including exceptional item of Rs. 412 Crore (Goodwill impairment for Services)

Q4FY18 Business Highlights of Continuing operations

- Q4 FY18 revenue was Rs. 1,067 Crore vs. Rs. 705 Crore in Q4FY17, an increase of 51% Y-o-Y.
- Distribution business revenue increased from Rs. 504 Crore in Q4FY17 to Rs. 908 Crore in Q4FY18, a growth of 80% Y-o-Y
 - Enterprise Distribution revenue stood at Rs. 444 Crore in Q4 FY18 vs. Rs.338 Crore in Q4FY17, an Y-o-Y increase of 31%
 - Consumer Distribution clocked revenue of Rs. 464 Crore in Q4FY18 vs. Rs.166 Crore in Q4FY17, an increase of 179%
- Profit / (Loss) before interest, tax and exceptional items was Rs. (17) Crore in Q4FY18 vs. Rs. (8.6) Crore in Q4FY17
- Profit / (Loss) before tax and after exceptional items was Rs. (80) Crore in the quarter vs. Rs. (59.2) Crore in the corresponding quarter in the last financial year
- Exceptional items include impairment of Goodwill for Learning business Rs. 31.4 Crore considering the termination of the Business Transfer Agreement with M/s. Everest Edusys and Solutions Private Limited

Revenue from discontinued operations in Q4 FY18 was Rs. 102 Crore and Profit / (Loss) before tax was Rs. (47) Crore including exceptional item of Rs. 22 Crore (Goodwill impairment for Services).

HCL Infosystems, India's pioneer IT Services, Solutions & Distribution Company, today announced its financial results for the year ended March 31, 2018.

Mr. Rangarajan Raghavan, Managing Director, HCL Infosystems Ltd., commenting on the results said, *"FY18 was an eventful year for our company. The highlight of the year was the robust performance of our Distribution business with annual revenue of Rs. 3,016 Crore with healthy growth rates. The year also witnessed optimization of certain businesses which has enabled us to journey ahead on a stronger footing. We took certain strategic decisions whereby the Domestic Services business is being divested & the Care business has been divested to strategic buyers. Even so in Q4FY18 the Y-o-Y revenue growth from continuing operations was substantial."*

Distribution Business

The Distribution Business reported robust revenue of Rs. 908 Crore in the quarter.

In FY18 the Consumer Business underwent a successful transition from a single brand to a multi-brand distribution model with engagements with leading brands like Apple, HMD (Nokia), Samsung and Microsoft. The partnership with HMD Global continued for Nokia on a stronger note contributing to overall revenues. Also, in September 2017 the partnership with Apple was a highpoint in the unfolding of the multi-brand journey. In the year, new and flagship mobile phone models were launched by the Principals which led to increased business traction.

Consumer Distribution clocked revenue of Rs. 464 Crore in Q4FY18 versus Rs. 166 Crore in Q4FY17, an increase of 179% Y-o-Y. In the quarter Consumer Distribution performed well in new lines of businesses - a Direct to Consumer (D2C) initiative was kick-started in the quarter by partnering with HMD for Nokia.com. In other channels like MFI and Online Marketplace the business made a start through its alignment with Samsung.

Gross margin dropped in Q4FY18 due to supply mismatch of new products launched and lower demand of new models.

Enterprise Distribution registered a Y-o-Y growth of 31% with revenue of Rs. 444 Crore in Q4FY18 versus Rs. 338 Crore in Q4FY17. In the quarter the business won contract from marquee customers from various verticals including BFSI and ITeS. The division also has laid special emphasis on driving and building emerging technology businesses like Cloud, Security, Hybrid Infra and Collaboration. Enterprise Distribution also signed a strategic partnership with Alibaba Cloud Services for the market in the country.

The Enterprise Distribution Business during the year launched the P3 or Premier Partner Programme which led to increased engagement with the target partner community. Within the programme, select channel partners are enabled to grow their respective business by offering business aligned new-age technologies to customers

Overseas Business

The Overseas Services business in Singapore also posted growth in the quarter as well as in FY18. In Q4FY18 the business posted an 18% Y-o-Y growth over Q4FY17. In FY18 the business grew 16% Y-o-Y over FY17 with good profitability.

System Integration (SI) & Solutions Business

The SI and Solutions business reported revenue of Rs. 56 Crore in Q4FY18. In FY18 the business registered revenue of Rs. 182 Crore with focus on project execution. The total order book size stood at Rs. 690 Crore as on 31st March 2018.

The company successfully concluded a capital raising exercise for Rs. 499 Crore by way of a rights issue to its existing shareholders at a price of Rs. 47 in December 2017. The promoters subscribed to 89% of the issue.

The Board of Directors in its meeting held on January 31, 2018 also approved the sale of CARE business, a division of HCL Services Limited (wholly owned subsidiary) on slump sale basis, to QDigi Services Limited (Earlier known as HCL Computing Products Limited (HCPL) and then transfer of entire shareholding of QDigi Services Limited to M/s Quess Corp Limited.

Pursuant to above, the CARE Business division has been transferred to QDigi Services Limited on March 31, 2018 and entire shareholding has been transferred to M/s Quess Corp Limited on April 11, 2018.

The Board of Directors of HCL Infosystems Limited (the Company) in its meeting held on 9th February, 2018 had approved, sale of HCL Services Limited (consisting of Domestic Enterprise Services Business), a Wholly owned subsidiary to M/s Karvy Data Management Services Limited for a consideration of approximately Rs.108 (including tax refunds payable to the extent received). The consideration is subject to final adjustments at time of closing date. This transaction excludes IT & Facility unit and investment in Singapore & its subsidiaries.

Earnings Conference Call

We will hold an earnings conference call on 31st May at 04:00 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.com

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 \$8 billion with more than 120,000 employees from 140 nationalities operating across 39 countries, including over 500 points of presence in India. For further information, visit www.hcl.com

CONSOLIDATED RESULTS

Rs Crore

	Audited	Unaudited	Audited	Audited	
	Three Months ended			Year Ended	
	31.03.2018	31.12.2017	31.03.2017	31.03.2018	31.03.2017
Income					
Revenue From Operations	1,067.0	1,201.8	705.4	3,612.1	3,225.3
Other Income	41.9	28.6	33.1	129.9	145.9
Total Income	1,108.9	1,230.4	738.5	3,742.0	3,371.2
Expenses					
Cost of materials consumed	0.1	0.0	0.2	0.4	0.8
Purchase of Stock-in-trade	877.4	1,155.8	484.3	3,128.1	2,328.5
Changes in Inventories of finished goods and stock-in-trade	7.6	(131.4)	6.8	(217.8)	57.1
Employee benefits expense	74.8	76.6	74.9	306.4	326.5
Finance costs	31.6	36.9	39.6	139.5	152.5
Depreciation and amortisation expense	5.8	6.3	6.3	27.5	31.1
Other Expenses	160.3	119.6	174.6	528.2	596.7
Total Expenses	1,157.6	1,263.8	786.8	3,912.2	3,493.2
Profit / (Loss) before exceptional items and Tax from continuing operations	(48.7)	(33.5)	(48.2)	(170.2)	(122.0)
Exceptional items loss/ (Gain)	31.4	-	11.0	31.4	11.0
Profit / (Loss) before tax from continuing operations	(80.1)	(33.5)	(59.2)	(201.6)	(133.0)
Current tax	0.8	0.1	7.7	2.4	11.3
Deferred tax	7.0	1.3	(7.0)	3.1	(20.6)
Net Profit / (Loss) for the period from continuing operations	(87.9)	(34.9)	(59.9)	(207.2)	(123.7)
Profit / (Loss) before tax from discontinued operations	(47.2)	(27.2)	(72.7)	(507.2)	(159.7)
Tax expense / (Credit) of discontinued operations	106.0	-	(8.4)	99.4	(35.7)
Net Profit / (Loss) for the period from Discontinued operations	(153.2)	(27.2)	(64.2)	(606.6)	(124.0)
Net Profit / (Loss) for the period	(241.0)	(62.1)	(124.1)	(813.8)	(247.7)
Other Comprehensive income					
A.(i) Items that will not be reclassified to profit or loss	(0.3)	-	0.9	(0.3)	0.9
(ii) Income tax relating to items that will not be reclassified to profit or loss	0.1	-	0.1	0.1	0.1
B.(i) Items that will be reclassified to profit or loss	1.5	0.8	(2.3)	4.6	(7.6)
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-
Total other comprehensive income, net of income tax	1.1	0.8	(1.5)	4.2	(6.8)
Total comprehensive income for the period	(239.9)	(61.2)	(125.6)	(809.5)	(254.5)
Basic EPS (Not annualised) Rs/share for discontinued & continuing operations	(7.3)	(2.5)	(5.6)	(31.8)	(11.1)

CONSOLIDATED SEGMENT RESULTS

Rs Crore

	Audited	Unaudited	Audited	Audited	
	Three Months ended			Year Ended	
	31.03.2018	31.12.2017	31.03.2017	31.03.2018	31.03.2017
Segment Revenue					
-Hardware Products and Solutions	55.9	42.7	102.3	182.2	361.6
- Services	212.8	216.1	229.2	875.1	945.8
- Distribution	908.0	1,055.0	503.9	3,016.3	2,470.0
- Learning	(0.6)	0.6	2.4	3.1	13.3
Total	1,176.1	1,314.4	837.8	4,076.7	3,790.8
Less : Intersegment revenue	8.6	4.8	14.7	34.0	53.2
Revenue from Operations	1,167.5	1,309.6	823.1	4,042.7	3,737.5
Segment Results (Profit / (Loss) before Tax and Interest from each segment)					
- Hardware Products and Solutions	(17.5)	(10.0)	(20.1)	(48.6)	(5.7)
- Services	(36.6)	(14.3)	(57.4)	(464.1)	(102.1)
- Distribution	(1.1)	10.6	0.5	11.8	7.1
- Learning	(33.6)	(4.2)	(14.8)	(45.7)	(18.9)
Total	(88.8)	(17.9)	(91.7)	(546.5)	(119.5)
Less :					
i) Interest Expense	39.5	44.2	48.9	169.2	190.3
ii) Other un-allocable expenditure net off un-allocable (income)	(1.0)	(1.5)	(8.6)	(6.9)	(17.1)
Total Profit / (Loss) before Tax	(127.3)	(60.6)	(131.9)	(708.8)	(292.7)
Segment Assets					
- Hardware Products and Solutions	913.1	969.4	1,238.5	913.1	1,238.5
- Services	347.4	378.7	740.5	347.4	740.5
- Distribution	1,050.7	1,127.4	442.0	1,050.7	442.0
- Learning	11.3	51.7	74.4	11.3	74.4
- Unallocated	555.4	613.6	688.6	555.4	688.6
Total Assets	2,877.9	3,140.8	3,184.0	2,877.9	3,184.0
Segment Liabilities					
- Hardware Products and Solutions	505.6	456.0	585.4	505.6	585.4
- Services	194.0	225.6	222.2	194.0	222.2
- Distribution	717.2	769.8	427.4	717.2	427.4
- Learning	10.0	15.0	16.4	10.0	16.4
- Unallocated	1,215.8	1,199.4	1,383.3	1,215.8	1,383.3
Total Liabilities	2,642.6	2,665.7	2,634.6	2,642.6	2,634.6

Balance Sheet	Rs Crore	
	Consolidated	
	Audited as at 31.03.2018	Audited as at 31.03.2017
ASSETS		
Non-Current Assets		
Property, plant And equipment	104	116
Capital work-in-progress	2	1
Goodwill	55	504
Other intangible assets	7	18
Intangible assets under development		3
Financial Assets		
i. Other Financial Assets	6	41
Deferred tax assets (net)	65	165
Advance Income Tax Asset (net)	127	161
Other non-current assets	165	134
Total non-current assets	531	1,144
Current assets		
Inventories	299	141
Financial assets		
i. Investments	122	121
ii. Trade receivables	1,288	1,293
iii. Cash and cash equivalents	110	138
iv. Bank balances other than (iii) above	23	55
v. Loans	-	1
vi. Other Financial Assets	158	197
Other current assets	128	94
Total current assets	2,127	2,040
Disposal group - assets held for sale	219	-
Total assets	2,878	3,184
EQUITY AND LIABILITIES		
Equity		
Equity share capital	66	45
Other Equity	170	505
Non-controlling interests	(0)	(0)
Total Equity	235	549
LIABILITIES		
Non-current liabilities		
Financial liabilities		
i. Borrowings	169	413
Provisions	10	19
Deferred tax liabilities (net)	3	0
Other non-current liabilities	-	1
Total non-current liabilities	182	433
Current liabilities		
Financial liabilities		
i. Borrowings	756	577
ii. Trade payables	908	737
iii. Other financial liabilities	304	427
Other current liabilities	247	331
Provisions	151	126
Current tax liabilities (net)	3	5
Total current liabilities	2,370	2,202
Disposal group - liabilities directly associated with assets held for sale	91	-
Total liabilities	2,643	2,635
Total equity and liabilities	2,878	3,184