

Consolidated Statement of Profit and Loss for the quarter and nine months ended December 31, 2018

(Rs. In Lakhs)

Particulars	Consolidated					
	Three months ended			Year to date		Year ended
	31.12.2018	30.09.2018	31.12.2017	31.12.2018	31.12.2017	31.03.2018
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1 Income						
Revenue from operations	111,676	108,426	119,050	332,954	250,642	356,463
Other income	2,260	2,433	2,829	7,399	8,913	13,073
Total Income	113,936	110,859	121,879	340,353	259,555	369,536
2 Expenses						
(a) Cost of materials consumed	-	-	2	4	21	35
(b) Purchase of stock-in-trade	112,445	91,447	115,474	292,430	225,053	312,813
(c) Changes in inventories of finished goods and stock-in-trade	(21,574)	160	(13,135)	(13,150)	(22,540)	(21,780)
(d) Employee benefits expense	7,406	7,556	6,891	22,501	20,633	27,601
(e) Finance costs	3,030	3,095	3,746	9,562	10,905	14,113
(f) Depreciation and amortisation expense	536	550	626	1,618	2,169	2,745
(g) Other expenses	14,849	11,344	11,521	37,384	35,482	51,218
Total expenses	116,692	114,152	125,125	350,349	271,723	386,745
3 Profit / (Loss) before exceptional items and tax from continuing operations (1 - 2)	(2,756)	(3,293)	(3,246)	(9,996)	(12,168)	(17,209)
4 Exceptional Items gain / (loss) (Refer note 5)	-	-	-	-	-	(3,142)
5 Profit / (Loss) before tax from continuing operations (3 + 4)	(2,756)	(3,293)	(3,246)	(9,996)	(12,168)	(20,351)
6 Tax expense / (credit)						
(a) Current tax	312	(57)	6	330	128	195
(b) Deferred tax expense / (credit)	(63)	113	133	50	(389)	313
7 Net Profit / (Loss) for the period from continuing operations (5 - 6)	(3,005)	(3,349)	(3,385)	(10,376)	(11,907)	(20,859)
8 Profit / (Loss) before tax from discontinued operations (Refer note 2-4)	34	60	(2,817)	305	(45,988)	(50,533)
9 Profit/(Loss) on disposal of discontinued operations (Refer note 3)	-	-	-	959	-	-
10 Tax expense / (credit) of discontinued operations (Refer note 2-4)	-	11	4	18	(621)	9,984
11 Net Profit / (Loss) for the period from discontinued operations (8 + 9 - 10)	34	49	(2,821)	1,246	(45,367)	(60,517)
12 Net Profit / (Loss) for the period (7+ 11)	(2,971)	(3,300)	(6,206)	(9,130)	(57,274)	(81,376)
13 Other comprehensive income						
A (i) Items that will not be reclassified to profit or loss	-	-	-	-	-	(31)
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-	8
B (i) Items that will be reclassified to profit or loss	(313)	556	82	574	314	460
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-
Total other comprehensive income, net of income tax	(313)	556	82	574	314	421
14 Total comprehensive income for the period (12 + 13)	(3,284)	(2,744)	(6,124)	(8,556)	(56,960)	(80,955)
15 Net Profit/(Loss) attributable to:						
- Shareholders	(2,971)	(3,300)	(6,206)	(9,130)	(57,274)	(81,376)
- Non-controlling interests	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total comprehensive income attributable to:						
- Shareholders	(3,284)	(2,744)	(6,124)	(8,556)	(56,960)	(80,955)
- Non-controlling interests	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
16 Paid-up equity share capital (Face value per share in Rs. 2/-)	6,584	6,584	6,584	6,584	6,584	6,584
17 Reserve as per balance sheet of previous accounting year						16,950
18 Earnings per share for continuing operations (of Rs 2/- each) (not annualised) :						
(a) Basic	(0.91)	(1.02)	(1.35)	(3.15)	(5.13)	(8.09)
(b) Diluted	(0.91)	(1.02)	(1.35)	(3.15)	(5.13)	(8.09)
19 Earnings per share for discontinued operations (of Rs 2/- each) (not annualised) :						
(a) Basic	0.01	0.01	(1.13)	0.38	(19.54)	(23.68)
(b) Diluted	0.01	0.01	(1.13)	0.38	(19.54)	(23.68)
20 Earnings per share for discontinued & continuing operations (of Rs 2/- each) (not annualised) :						
(a) Basic	(0.90)	(1.00)	(2.48)	(2.77)	(24.66)	(31.77)
(b) Diluted	(0.90)	(1.00)	(2.48)	(2.77)	(24.66)	(31.77)

Segment-wise information

(Rs. In Lakhs)

Particulars	Three months ended			Year to date		Year ended
	31.12.2018	30.09.2018	31.12.2017	31.12.2018	31.12.2017	31.03.2018
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1. Segment Revenue						
- Hardware Products and Solutions	2,801	3,810	4,269	10,439	12,630	18,222
- Services *	13,412	12,028	21,612	39,846	66,227	87,507
- Distribution	95,536	93,599	105,504	287,718	210,834	301,630
- Learning	431	257	59	750	376	313
Total	112,180	109,694	131,444	338,753	290,067	407,672
Less : Intersegment revenue	22	444	481	576	2,544	3,403
Revenue from operations	112,158	109,250	130,963	338,177	287,523	404,269
2. Segment results (profit / (loss) before tax and interest from each segment)						
- Hardware Products and Solutions	(1,429)	(956)	(996)	(3,494)	(3,110)	(4,858)
- Services *	677	541	(1,425)	2,880	(42,742)	(46,406)
- Distribution	518	285	1,116	1,024	1,413	1,350
- Learning	517	147	(423)	628	(1,208)	(4,571)
Total	283	17	(1,728)	1,038	(45,647)	(54,485)
Less :						
i) Interest expense	3,030	3,095	4,482	9,689	13,096	17,089
ii) Other un-allocable expenditure net off un-allocable (income)	(25)	155	(147)	81	(587)	(690)
Total Profit / (Loss) before tax	(2,722)	(3,233)	(6,063)	(8,732)	(58,156)	(70,884)
3. Segment Assets						
- Hardware Products and Solutions	71,652	76,547	96,937	71,652	96,937	91,306
- Services *	20,577	22,793	37,874	20,577	37,874	34,738
- Distribution	122,225	112,422	112,742	122,225	112,742	105,068
- Learning	220	360	5,166	220	5,166	1,133
- Unallocated	56,996	54,683	61,357	56,996	61,357	55,544
Total Assets	271,670	266,805	314,076	271,670	314,076	287,789
4. Segment Liabilities						
- Hardware Products and Solutions	44,832	48,214	45,599	44,832	45,599	50,555
- Services *	7,341	8,230	22,559	7,341	22,559	19,395
- Distribution	98,662	95,199	76,983	98,662	76,983	71,722
- Learning	800	1,103	1,496	800	1,496	1,003
- Unallocated	105,056	95,797	119,937	105,056	119,937	121,580
Total Liabilities	256,691	248,543	266,574	256,691	266,574	264,255

* Refer Note (2-4)

Notes

1. After recommendation by the Audit Committee, these results have been approved and taken on record by the Board of Directors at its meeting held on February 5, 2019. The results have been subjected to a limited review by the statutory auditors.
2. Pursuant to the approval by the Board of Directors of the Company in its meeting held on October 15, 2018, the entire shareholding held by Nurture Technologies FZE (formerly known as HCL Infosystems MEA FZE)(Step-down Subsidiary) in its direct subsidiaries Gibraltar Technologies LLC (Dubai), Gibraltar Technologies LLC (Abu Dhabi) and step-down subsidiary Gibraltar Technologies WLL (Qatar) has been transferred to consortium of individuals viz Mr. Ahmed Khalaf Ahmed Khalaf Al Otaiba, Mr. Syed Mohammed Bukhari, Mr. Khadeer Peer Shariff S S and Mr. Abdul Qadir Bukhari on November 27, 2018 for a consideration of AED 3.4 Mn (approximately equivalent Rs 6.5 crores) which is subject to true-up to reflect the position as on the date of transfer of the shareholding.

Accordingly the business operations of the above mentioned companies has been considered as discontinued operations. The relevant information for all the period presented, attributable to discontinued operations are as below.

Particulars	Three months ended			Year to date		Year ended
	31.12.2018	30.09.2018	31.12.2017	31.12.2018	31.12.2017	31.03.2018
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Total revenue (including Other income)	532	827	1,138	2,169	3,878	4,833
Total expenditure	498	767	1,240	2,074	3,864	4,645
Profit/ (loss) before tax	34	60	(102)	95	14	188
Tax expense	-	11	4	18	40	49
Profit/ (loss) after tax	34	49	(106)	77	(26)	139
Total assets		3,220				
Total liabilities		2,685				

- 3(a). Pursuant to the approval by the Board of Directors of the Company in its meeting held on January 31, 2018, the CARE business division has been transferred to QDigi Services Limited on March 31, 2018 and subsequently the entire shareholding of QDigi Services Limited has been divested to Quess Corp Limited on April 11, 2018.

- 3(b). Pursuant to the approval by the Board of Directors of the Company in its meeting held on February 9, 2018, the Company has divested its investments (both Equity and Optionally Convertible Debentures(OCB)) in HCL Services Limited to Karvy Data Management Services Limited for a consideration of Rs 112.10 crores (Equity Rs 17.45 crores and OCB Rs 94.65 crores, the consideration for OCB is equivalent to the Income Tax refund and is receivable as and when the Tax refund is received by HCL Services Limited). The Company signed a Share Purchase Agreement on May 31, 2018 and the shareholding was divested on June 15, 2018.

This transaction excludes;

- Care Business (divested to Quess Corp Limited)
- IT & Facility unit (transferred to HCL Infosystems Limited)
- Investment in HCL Insys PTE Limited, Singapore including its subsidiaries (transferred to HCL Learning Limited)

Place : Noida
Date : February 5, 2019

4. Pursuant to 3(a) & 3(b) above, Care Business & Domestic Enterprise Services Business has been considered as discontinued operations. The relevant information for all the period presented, attributable to these discontinued operations are as below.

Particulars	Three months ended			Year to date		Year ended
	31.12.2018	30.09.2018	31.12.2017	31.12.2018	31.12.2017	31.03.2018
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Total revenue (including Other income)	-	-	10,782	3,116	33,156	43,383
Total expenditure	-	-	13,497	2,906	40,158	52,916
Profit/ (loss) before exceptional items and tax	-	-	(2,715)	210	(7,002)	(9,533)
Exceptional Items gain / (loss)	-	-	-	959	(39,000)	(41,188)
Profit/ (loss) before tax	-	-	(2,715)	1,169	(46,002)	(50,721)
Tax expense	-	-	-	-	(661)	9,935
Profit/ (loss) after tax	-	-	(2,715)	1,169	(45,341)	(60,656)
Total assets						21,914
Total liabilities						9,133

5. Exceptional items include :

Particulars	Three months ended			Year to date		Year ended
	31.12.2018	30.09.2018	31.12.2017	31.12.2018	31.12.2017	31.03.2018
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Impairment of goodwill for Learning Business	-	-	-	-	-	(3,142)
Total Gain/(Loss)	-	-	-	-	-	(3,142)

6. During the current quarter the company has received orders from the office of the Commissioner, Central Excise and Central Goods & Services Tax, Noida raising demands of Rs 57.30 crores and Rs 16.67 crores under Section 73 of the Finance Act, 1994. In addition to this, interest and equivalent amount of penalty have also been imposed separately under the relevant provisions of the Finance Act 1994.

The Company has obtained legal and expert opinions which support the stand of the Company. The Company has filed the Writ petition with Hon'ble High Court and a stay has been granted.

7. Consolidated Results include financial results of HCL Infosystems Limited, and its subsidiaries.

8. Figures for previous periods have been regrouped and rearranged, wherever necessary, to conform with the relevant current period's classification.

for HCL Infosystems Limited

Rangarajan Raghavan
Managing Director