

HCL INFOSYSTEMS LTD.

Corporate Office: E-4, Sector 11, NOIDA 201 301, U.P., India
Tel: +91 120 2520977, 2526518, 2526519 Fax: +91 120 2523791
Registered Office: 806 Siddharth, 96, Nehru Place, New Delhi-110019, India.
Corporate Identity Number - L72200DL1986PLC023955
www.hclinfosystems.com

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29th May, 2018

To

The Assistant Vice President,
National Stock Exchange of India Limited,
"Exchange plaza"
Bandra-Kurla Complex,
Bandra (East)
Mumbai-400051

To

The Secretary,
BSE Limited,
P.J.Tower
Dalal Street
Fort
Mumbai-400001

Sub: Press Release.

Symbol: NSE : HCL-INSYS
BSE (For Physical Form): 179
BSE (For Demat Form): 500179

Dear Sirs,

We are forwarding a copy of the press release being made by HCL Infosystems Limited on the audited financial results of the Company for the financial year ended 31st March, 2018.

Please take this on record.

Very Truly Yours,
For HCL Infosystems Limited

Sushil Kumar Jain
Company Secretary

Encl: As above.

HCL

HCL Infosystems registers Rs. 3,612 Crore revenue 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)

* Reported financials represent earnings from continued operations. Care Business & Domestic Enterprise Services Business have been considered as discontinued operations.

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

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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.

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

Media Contact Information			
Tanay Gogoi	HCL Infosystems	+91 9971179400	tanay.gogoi@hcl.com

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