

HCL Infosystems registers Rs. 353 Crore revenue in FY21

June 25, 2021, New Delhi

FY21 Business Highlights:

- FY21 revenue was Rs. 352.8 Crore
- Systems Integration and Solutions business reported revenue of Rs. 135.4 Crore
- Distribution Business revenue for FY21 stood at Rs. 217.4 Crore
- Loss Before Tax and exceptional items was Rs. 194.8 Crore

Q4FY21 Business Highlights:

- FY21Q4 revenue was Rs. 43.5 Crore
- Systems Integration and Solutions business reported revenue of Rs. 36.9 Crore
- Distribution business revenue stood at Rs. 6.6 Crore
- Loss before interest, tax and exceptional items was Rs. 39.9 Crore

HCL Infosystems today announced its financial results for the year ended March 31st, 2021.

Mr. Raj Sachdeva, Manager of HCL Infosystems Ltd, commenting on the results' said, "In FY21, the company continued to focus on debt and loss reduction. The Company took various actions during the year to meet these objectives.

During last financial year, the Board had recommended that both the Enterprise and Consumer distribution businesses be gradually scaled down. Accordingly, our Consumer and Enterprise Distribution businesses have been scaled down, resulting in the decline in revenues during the current financial year.

In our System Integration and Solution business, we continued to focus on deliverables of existing projects and collection of receivables from customers.

Company Update

Divestment of HCL Infotech Ltd.

The Board of Directors of HCL Infosystems Limited in its meeting held on February 10, 2021 had approved to sell the entire shareholding held by HCL Infosystems Limited in HCL Infotech Limited at "Net Asset Value" as on closing date, after acquiring the undertaking which shall comprise of the business relating to two specific projects through a business transfer agreement, certain other assets and liabilities through assignment deed and HCL Investments Pte., Singapore & its step down subsidiary through a share purchase agreement. The sale will be made to Novezo Consulting Pvt. Ltd based on the terms and conditions as specified in share purchase agreement dated February 10, 2021.

One of the customers of our key defense project which is forming part of the deal has asked us to maintain status quo and further explore alternative options. We are in active discussion with the investor and the customer and this transaction is expected to take longer time than expected initially with of change in terms.

Closure of MSP Contract with Unique Identification Authority of India (UIDAI)

One of the large projects of the Company, as Managed Service Provider (“MSP”) with the Unique Identification Authority of India (‘UIDAI’) and ad hoc arrangements with UIDAI thereafter, ended on 6 April 2021. The Company will only provide annual maintenance contracts (“AMC”) and software licences to UIDAI during the period from 7 April 2021 to 6 August 2021.

Restructuring of the Company

The Board of Directors of HCL Infosystems Limited in its meeting held on August 6th, 2020 had approved the merger. The Company had filed a petition with the National Company Law Tribunal on September 21st, 2020 for approval of the proposed merger of HCL Learning Limited and Digilife Distribution and Marketing Services Limited (DDMS) with HCL Infosystems Limited. HCL Learning and DDMS are wholly owned subsidiaries of the Company.

In the light of the ongoing COVID-19 situation, the matter is moving slowly.

Divestments of Property

In order to reduce Company's debt obligations, the Company has decided to monetize Company owned properties in a phased manner. Several of Company's properties are not being fully utilized due to changes in the business of the Company. The Company has sold 3 properties during Q1 FY22 for a total consideration of Rs 76 Crore. The Company is actively looking for buyers to monetize other properties.

Appointment of the Manager of the Company

The Board of Directors in their meeting held on March 23, 2021 approved the appointment. Mr. Raj Sachdeva is a Chartered Accountant and has a rich experience of 25 years in various corporates.

His appointment is subject to the approval by shareholders of the Company at the next Annual General Meeting of the Company.

Appointment of the CFO of the Company

Mr. Kapil Kapur, Chief Financial Officer (CFO) of the Company resigned from the Company with effect from the closing hours of 31st May, 2021 to pursue other opportunities & interests.

The Board of Directors has appointed Mr. Alok Sahu, for the position of CFO w.e.f. 1st June 2021. Alok Sahu, a Chartered Accountant by profession, is a finance professional who has over 26 years of experience in spearheading financial & accounting functions. He has been associated with HCL Infosystems since 1995.

Human Resource Development

As on May 31, 2021, the employee strength of the Company stood at 327, while on April 1, 2020, it was 1127. Reduction in headcount was due to the scaling down of the Distribution Business and organization right sizing. With the closure of UIDAI contract the employee strength is expected to further go down.

Other Updates

To assist the Company in meeting its financial obligations, the Promoter Companies have been extending financial support to the Company from time to time though they are not obligated to do so.

From time to time, the Company had been making adequate and fair disclosures with respect to its performance and any material actions/ events.

As stated in all our earlier press releases, due to losses during the last few years, high debt obligation and challenging market conditions, the Company's focus has been on reduction of operational losses and debt and finance costs, by scaling down certain businesses and selling off select businesses and assets (including identified immovable properties).

In the past, certain lossmaking businesses like PC Manufacturing, Financial Inclusion & Learning, and Enterprise & Consumer Distribution Business have been wound down. Other businesses such as Care (Consumer Services), Enterprise Services, and overseas businesses in Singapore & Middle East have been sold off.

Despite of all these efforts to minimise debts & losses, and despite promoter's financial support from time to time, the Company continues to face very challenging financial conditions and a very tight fund position. As a consequence, the Company has no ability to invest in any new business line or expand its current operations.

About HCL Infosystems

HCL Infosystems is a System Integration and Distribution company. It provides distribution of technology, mobility and consumer products. For more information, please visit us at www.hclinfosystems.in.

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 \$ 10.1 billion with more than 169,000 employees operating across 50 countries. For further information, visit www.hcl.com

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Consolidated Results

(Rs. In Crores)

	Three months ended			Year ended
	31.03.2021	31.12.2020	31.03.2020	31.03.2021
	Audited	Unaudited	Audited	Audited
Income				
Revenue from operations	43.5	72.0	227.7	352.8
Other income	78.6	14.3	26.0	113.3
Total Income	122.0	86.3	253.7	466.0
Expenses				
Purchase of stock-in-trade	(1.6)	18.0	180.6	181.2
Changes in inventories of finished goods and stock-in-trade	2.1	9.9	23.6	25.1
Other direct expense	15.1	33.0	(4.0)	118.1
Employee benefits expense	15.8	18.7	25.9	80.5
Finance costs	9.6	11.7	18.3	52.4
Depreciation and amortisation expense	0.8	0.9	1.7	4.3
Other expenses	120.1	28.5	73.2	199.2
Total expenses	161.9	120.7	319.3	660.8
Loss before exceptional items and tax from continuing operations	(39.9)	(34.3)	(65.7)	(194.8)
Exceptional Items (loss) / gain	-	-	(2.9)	-
Loss before tax from continuing operations	(39.8)	(34.3)	(68.6)	(194.8)
Tax expense / (credit)				
(a) Current tax	2.0	-	(0.3)	2.0
(b) Deferred tax expense	-	-	1.9	-
Net Loss for the period from continuing operations	(41.7)	(34.3)	(70.1)	(196.7)
Profit / (loss) before tax from discontinued operations	-	-	(0.7)	-
Profit / (loss) on disposal of discontinued operations	-	-	0.5	-
Tax expense / (credit) of discontinued operations	-	-	0.6	-
Net Profit / (loss) for the period from discontinued operations	-	-	(0.8)	-
Net Loss for the period	(41.7)	(34.3)	(70.9)	(196.7)
Other comprehensive income				
A (i) Items that will not be reclassified to profit and loss	(0.2)	-	(0.5)	(0.2)
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-
B (i) Items that will be reclassified to profit and loss	0.2	(1.5)	0.3	(1.0)
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-
Total other comprehensive income, net of income tax	(0.0)	(1.5)	(0.2)	(1.2)
Total comprehensive income for the period	(41.7)	(35.8)	(71.2)	(197.9)
Basic EPS (Not annualised) Rs/share for discontinued & continuing operations	(1.27)	(1.04)	(2.16)	(5.98)

CONSOLIDATED SEGMENT INFORMATION
(Rs. In Crores)

Particulars	Three months ended			Year ended
	31.03.2021 Audited	31.12.2020 Unaudited	31.03.2020 Audited	31.03.2021 Audited
Segment Revenue				
- Hardware Products and Solutions	36.8	38.2	40.0	135.4
- Services	-	-	2.6	-
- Distribution	6.6	33.9	187.7	217.4
- Learning	-	-	-	-
Total	43.5	72.0	230.3	352.8
Less : Intersegment revenue	-	-	-	-
Net Sales / Income	43.5	72.0	230.3	352.8
Segment results (profit / (loss) before tax and Interest from each segment)				
- Hardware Products and Solutions	(28.4)	(8.6)	(2.6)	(82.2)
- Services	-	-	(0.6)	-
- Distribution	1.0	(2.7)	(41.3)	(34.4)
- Learning	1.1	0.1	(0.1)	1.2
Total	(26.3)	(11.2)	(44.7)	(115.4)
Less :				
i) Interest expense	9.6	11.7	18.3	52.4
ii) Other un-allocable expenditure net off un-allocable (income)	4.0	11.4	5.8	27.0
Total Profit / (Loss) before tax	(39.9)	(34.3)	(68.8)	(194.8)
Segment Assets				
- Hardware Products and Solutions	281.6	355.5	364.6	281.6
- Services	-	-	-	-
- Distribution	141.0	158.6	379.3	141.0
- Learning	1.9	2.2	2.4	1.9
- Unallocated	224.7	242.7	300.7	224.7
Total Assets	649.2	759.0	1,047.0	649.2
Segment Liabilities				
- Hardware Products and Solutions	264.9	354.7	306.2	264.9
- Services	-	-	-	-
- Distribution	42.0	63.9	209.3	42.0
- Learning	1.3	3.7	4.5	1.3
- Unallocated	581.1	534.9	569.1	581.1
Total Liabilities	889.3	957.2	1,089.1	889.3