

HCL INFOSYSTEMS LIMITED
Unaudited Financial Results for the Quarter ended September 30, 2016
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Statement of Consolidated Results for the quarter and six months ended September 30, 2016

(Rs. In Lakhs)

Particulars	Consolidated					
	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
1 Income from operations						
(a) Net sales/Income from operations	1,00,162	1,14,821	1,46,922	2,14,983	1,46,922	3,65,623
(b) Other operating income	-	1	-	1	-	988
Total Income from operations	1,00,162	1,14,822	1,46,922	2,14,984	1,46,922	3,66,611
2 Expenses						
(a) Cost of materials consumed	22	24	-	46	-	8
(b) Purchase of stock-in-trade	66,557	80,389	1,05,954	1,46,946	1,05,954	2,60,636
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	4,019	837	747	4,856	747	4,113
(d) Employee benefits expense	14,127	14,924	15,076	29,051	15,076	45,826
(e) Depreciation and amortisation expense	940	900	1,091	1,840	1,091	3,198
(f) Other expenses	18,320	21,501	26,071	39,821	26,071	68,476
Total expenses	1,03,985	1,18,575	1,48,939	2,22,560	1,48,939	3,82,257
3 (Loss) from operations before other income, finance costs and exceptional items (1 - 2)	(3,823)	(3,753)	(2,017)	(7,576)	(2,017)	(15,646)
4 Other Income	3,693	3,612	4,536	7,305	4,536	13,029
5 Profit / (Loss) before finance costs and exceptional items (3 + 4)	(130)	(141)	2,519	(271)	2,519	(2,617)
6 Finance costs	4,785	4,437	3,710	9,222	3,710	12,569
7 Profit / (Loss) before exceptional items (5 - 6)	(4,915)	(4,578)	(1,191)	(9,493)	(1,191)	(15,186)
8 Exceptional Items Loss / (Gain)	-	-	(386)	-	(386)	6,722
9 Profit / (Loss) before tax (7 - 8)	(4,915)	(4,578)	(805)	(9,493)	(805)	(21,908)
10 Tax expense / (Credit)	(1,202)	(1,008)	(519)	(2,210)	(519)	(478)
11 Net Profit / (Loss) for the period before share of profit / (loss) of associates and joint ventures (9 - 10)	(3,713)	(3,570)	(286)	(7,283)	(286)	(21,430)
12 Share of Profit / (loss) of associates and joint ventures	-	-	-	-	-	-
13 Net Profit / (Loss) for the period (11 + 12)	(3,713)	(3,570)	(286)	(7,283)	(286)	(21,430)
14 Other comprehensive income, net of income tax						
A. Items that will not be reclassified to profit or loss	1	2	2	3	2	8
B. Items that will be reclassified to profit or loss	(185)	-	299	(185)	299	494
Total other comprehensive income, net of income tax	(184)	2	301	(182)	301	502
15 Total comprehensive income for the period (13 + 14)	(3,897)	(3,568)	15	(7,465)	15	(20,928)
16 Net Profit/(Loss) attributable to:						
- Owners	(3,713)	(3,570)	(286)	(7,283)	(286)	(21,430)
- Non-controlling interests	-	-	-	-	-	-
Total comprehensive income attributable to:						
- Owners	(3,897)	(3,568)	15	(7,465)	15	(20,928)
- Non-controlling interests	-	-	-	-	-	-
17 Paid-up equity share capital (Face value per share in Rs. 2/-)	4,458	4,458	4,458	4,458	4,458	4,458
18 Reserve excluding revaluation reserves as per balance sheet of previous accounting year						75,935
19 Earnings per share (of Rs 2/- each) (not annualised):						
(a) Basic	(1.7)	(1.6)	(0.1)	(3.3)	(0.1)	(9.6)
(b) Diluted	(1.7)	(1.6)	(0.1)	(3.3)	(0.1)	(9.6)

Statement of Consolidated Assets and Liabilities

(Rs. In Lakhs)

Particulars	Consolidated	
	Unaudited as at	Audited as at
	30.09.2016	31.03.2016
ASSETS		
Non-Current Assets		
Property, plant And equipment	12,892	13,106
Capital work-in-progress	227	201
Goodwill	56,753	56,771
Other intangible assets	2,337	2,872
Intangible assets under development	287	216
Financial Assets		
i. Investments	2	2
ii. Other Financial Assets	3,661	9,259
Deferred tax assets (net)	13,367	10,964
Advance Income Tax Asset (net)	14,201	11,184
Other non-current assets	12,865	13,023
Total non-current assets	1,16,592	1,17,598
Current assets		
Inventories	16,180	21,420
Financial assets		
i. Investments	11,599	5,016
ii. Trade receivables	1,47,381	1,56,049
iii. Cash and cash equivalents	15,670	19,891
iv. Bank balances other than (iii) above	3,631	1,922
v. Loans	46	120
vi. Other Financial Assets	23,452	25,192
Other current assets	12,900	10,439
Total current assets	2,30,859	2,40,049
Total assets	3,47,451	3,57,647
EQUITY AND LIABILITIES		
Equity		
Equity share capital	4,458	4,458
Other Equity	68,470	75,935
Total Equity	72,928	80,393
LIABILITIES		
Non-current liabilities		
Financial liabilities		
i. Borrowings	44,701	51,993
Provisions	2,109	1,983
Deferred tax liabilities (net)	57	73
Other non-current liabilities	138	256
Total non-current liabilities	47,005	54,305
Current liabilities		
Financial liabilities		
i. Borrowings	57,587	45,363
ii. Trade payables	81,679	90,826
iii. Other financial liabilities	44,441	38,157
Other current liabilities	40,693	45,558
Provisions	2,889	2,945
Current tax liabilities (net)	229	100
Total current liabilities	2,27,518	2,22,949
Total liabilities	2,74,523	2,77,254
Total equity and liabilities	3,47,451	3,57,647

Segment-wise Information

Particulars	Unaudited			Unaudited		Audited
	Three months ended			Year to Date		Nine Months period Ended 31.03.2016
	30.09.2016	30.06.2016	30.09.2015	Six Months ended 30.09.2016	Three Months ended 30.09.2015	
1. Segment Revenue						
-Hardware Products and Solutions (Net)	7,674	12,249	16,291	19,923	16,291	35,730
- Services (Net)	24,993	24,471	25,464	49,464	25,464	75,772
- Distribution	68,589	80,440	1,06,392	1,49,029	1,06,392	2,60,912
- Learning	419	405	695	824	695	1,651
Total	1,01,675	1,17,565	1,48,842	2,19,240	1,48,842	3,74,065
Less : Intersegment revenue	1,513	2,744	1,920	4,257	1,920	8,442
Net Sales / Income from Operations	1,00,162	1,14,821	1,46,922	2,14,983	1,46,922	3,65,623
2. Segment Results (Profit / (Loss) before Tax and Interest from each segment)						
- Hardware Products and Solutions	973	1,477	2,968	2,450	2,968	263
- Services	(1,507)	(2,013)	(938)	(3,520)	(938)	(3,984)
- Distribution	145	518	136	663	136	644
- Learning	(25)	(220)	(227)	(245)	(227)	(7,907)
Total	(414)	(238)	1,939	(652)	1,939	(10,984)
Less :						
i) Interest Expense	4,785	4,437	3,710	9,222	3,710	12,569
ii) Other un-allocable expenditure net off un-allocable (income)	(284)	(97)	(966)	(381)	(966)	(1,645)
Total Profit / (Loss) before Tax	(4,915)	(4,578)	(805)	(9,493)	(805)	(21,908)
3. Segment Assets						
- Hardware Products and Solutions	1,49,430	1,53,334	1,78,031	1,49,430	1,78,031	1,55,898
- Services	90,597	93,516	99,395	90,597	99,395	94,711
- Distribution	36,703	50,457	45,853	36,703	45,853	49,128
- Learning	11,318	11,934	23,380	11,318	23,380	14,248
Unallocated						
- Liquid Assets	11,598	10,160	22,321	11,598	22,321	5,108
- Others unallocated	47,805	45,201	32,642	47,805	32,642	38,554
Total Assets	3,47,451	3,64,602	4,01,622	3,47,451	4,01,622	3,57,647
4. Segment Liabilities						
- Hardware Products and Solutions	59,053	68,224	97,834	59,053	97,834	71,858
- Services	24,137	22,892	25,619	24,137	25,619	21,550
- Distribution	43,314	54,875	42,388	43,314	42,388	47,076
- Learning	1,962	1,882	2,390	1,962	2,390	2,140
Unallocated						
- Others unallocated	1,46,057	1,39,763	1,32,061	1,46,057	1,32,061	1,34,630
Total Segment Liabilities	2,74,523	2,87,636	3,00,292	2,74,523	3,00,292	2,77,254

Notes

- 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 October 28, 2016. The results have been subjected to a limited review by the statutory auditors.
- The Indian Accounting Standards (Ind-AS), as notified under the Companies (Indian Accounting Standards) Rules, 2015, are applicable to HCL Infosystems Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the accounting period commencing on or after April 1, 2016. According to Ind AS 101 "First time adoption of the Indian Accounting Standards", the transition date for adoption of Ind AS by the Group is July 1, 2015 and hence, the Group has adopted the notified Ind AS effective the transition date.
- As required under Section 2(41) of the Companies Act, 2013, during the previous period, the Company and its subsidiaries have changed its accounting period from July – June to April – March. Therefore, the year to date results in previous year for period ended September 30, 2015 are for three months as against six months for the period ended September 30, 2016 in current year, hence are not comparable.
- Exceptional items include :

Particulars	Unaudited			Unaudited		Audited
	Three months ended			Year to Date		Nine Months Period ended 31.03.2016
	30.09.2016	30.06.2016	30.09.2015	Six months ended 30.09.2016	Three months ended 30.09.2015	
a. (Profit) / Loss on sale of properties	-	-	(386)	-	(386)	(278)
b. Impairment of Goodwill (Refer note 5)	-	-	-	-	-	7,000
Total (a+b) - (Gain) / Loss	-	-	(386)	-	(386)	6,722

5. Exceptional items and segment results of Learning business for the nine months period ended March 31, 2016 include impairment charge in respect to Learning Business of Rs. 7000 lakhs on account of write down of part of the goodwill, which was recognized in the prior years during the process of restructuring of the Company. This write down had no impact on cash flows and was brought about due to modification in the current business model and changes in the overall business environment for the segment.

6. Consolidated Results include financial results of HCL Infosystems Limited, and its subsidiaries. The Company has sold its investments in Nokia HCL Mobile Internet Services Limited (Joint Venture) during the current quarter, which does not have any material impact on these financial results.

7. The reconciliation of net profit or loss reported in accordance with Indian GAAP to total comprehensive income in accordance with Ind AS is given below:

Particulars	Unaudited	Audited
	Three Months Ended	Nine Months Period Ended
	30.09.2015	31.03.2016
Net (Loss) as per Indian GAAP	(4,924)	(25,444)
Add / (Less) : Adjustments		
Impact on account of measurement of revenue at fair value	935	(5,822)
Recognition of Expected Credit Loss	(236)	180
Recognition / reversal of deferred tax	592	608
Unwinding of discounted receivables	3,060	8,811
Others	287	237
Net (Loss) as per Ind AS	(286)	(21,430)
Other comprehensive income	301	502
Total comprehensive income	15	(20,928)

8. The reconciliation of Equity reported in accordance with Indian GAAP to Equity in accordance with Ind AS is given below:

Particulars	Audited
	As at
	31.03.2016
Equity as per Indian GAAP	1,00,804
Add / (Less) : Adjustments	
Impact on account of measurement of revenue at fair value	(32,428)
Recognition of Expected Credit Loss	(4,577)
Recognition / reversal of deferred tax	7,359
Unwinding of discounted receivables	8,811
Others	424
Equity as per Ind AS	80,393

9. Segment Revenue, Segment Results, Segment Assets and Segment liabilities for the quarter ended September 30, 2016 have been measured in accordance with the revised measurement criteria used in preparation of the results reported to Chief Operating Decision maker from current quarter. Figures for the quarter ended June 30, 2016, quarter ended September 30, 2015 and for nine months period ended March 31, 2016 have been re measured to conform with the current period measurement.

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

By order of the Board
for HCL Infosystems Limited

Premkumar Seshadri
Executive Vice-Chairman & Managing Director

Place : Noida
Date : October 28, 2016