

## HCL Infosystems Reports Revenue of Rs. 3,738 Crore in FY 2017 Q4 revenue increased by 8% Q-o-Q

- Q4FY17 revenue increases to INR 823 Crore from Rs. 765 Crore in Q3FY17
- Strong performance by Enterprise Business offsets Consumer business contraction

### Quarter Highlights

- Q4 FY17 revenue was Rs. 823 Cr vs. Rs. 765 Cr in Q3 FY17, an increase of 8% Q-o-Q
- Enterprise Business revenue grew 16% from Rs. 490 Cr in Q3 to Rs. 566 Cr in Q4
  - Enterprise Products Distribution witnessed revenue growth of 31%
  - Enterprise Services witnessed revenue decline of 1%
- Consumer Business revenue at Rs. 163 Cr, declines 26% due to our transition to multi-brand strategy and challenging market conditions
- Loss before interest, tax & exceptional items for Q4 was Rs. (22.1) Cr vs. Rs. (16.6) Cr in Q3, the increase is primarily due to the System Integration business
- Exceptional items for the quarter include impairment of goodwill for Rs. 11 Cr and Rs. 50 Cr for Learning and Services businesses respectively. This has no impact on cash flows.
- Loss before tax and after exceptional items for Q4 was Rs. (131.9) Cr vs. Rs. (65.8) Cr in Q3

### Business Highlights for FY2017

- Revenue at Rs. 3,738 Cr
- Enterprise products distribution business registered revenue of Rs. 1,168 Cr with a growth of 20% Y-o-Y. PBIT loss improved to Rs. (8.9) Cr in FY17 from Rs. (32.3) Cr in twelve months ending March 2016. Business became EBITDA positive in the last quarter of FY17
- The Enterprise Business as a whole grew marginally from Rs. 1,970 Cr in twelve months ending March 2016 to reach Rs. 2,117 Cr in the FY17
- The transformation initiatives in the Domestic Services business during the year (including rationalization of contracts, exit of unprofitable units, variabilisation and optimization of costs) resulted in a decline in revenue Q-o-Q. However, the losses of the overall Services Business declined consistently Q-o-Q. The new order book is showing a healthy trend
- Consumer distribution business registered revenue of Rs. 1,298 Cr
- System Integration (SI) and Solutions focused on effective execution with revenues of Rs. 355 Cr
- Earnings before interest, taxes and exceptional items was Rs. (41.4) Cr
- Profit / (Loss) before tax and after exceptional items is Rs. (292.7) Cr

**New Delhi, May 30, 2017:** HCL Infosystems, one of India's premier IT Services, Distribution and Digital Solutions Company, today announced its financial results for the financial year ended March 31, 2017.

**Mr. Premkumar Seshadri, Executive Vice-Chairman and Managing Director, HCL Infosystems Ltd.**, commenting on the results said, *"Our sustained augmented focus & investments in the Enterprise space has been clearly working well as seen from the continued growth and profitability, thereby reducing impact due to planned transition of the consumer business model."*

## **Enterprise Business:**

The core Enterprise Business consisting of Enterprise Products Distribution, Domestic Enterprise Services, Global Enterprise Services and Care Services continued on its positive growth track, with 16% Q-o-Q increase in revenue. The business is building capabilities in Cloud, Internet of Things and other emerging technologies to leverage the significant opportunities in the digital enterprise technologies space.

The Enterprise Products Distribution business gained business traction with leading global OEM partners. The business improved operational efficiency and enhanced productivity during Q4 FY17.

The Enterprise Services business (comprising Domestic Services, Global Services and Consumer Services) clocked revenue of Rs. 949 Cr in FY17. Contract rationalization and productivity improvement initiatives in the business have resulted in lowering of loss before interest and taxes to Rs. (5.6) Cr in Q4 FY17 (JFM 17) from Rs. (19.6) Cr in Q3 FY16 (JFM 16).

The Global Services business continued to register growth in revenue and profitability. The Singapore business was awarded a prestigious project to provide IT Managed Services to the Government of Singapore over an eight-year period. Process and productivity improvements resulted in increased customer satisfaction scores and improved margins

## **Consumer Business:**

The Consumer Distribution business forayed into a Multi-Brand Telecom Distribution model, winning a distributorship deal from a leading mobility company.

Revenue declined from Rs. 221 Cr in Q3 to Rs. 163 Cr in Q4 FY17. Gradual transition from the single brand distribution model and a highly competitive landscape impacted revenues.

## **System Integration (SI) & Solutions:**

The SI and Solutions business registered revenue of Rs. 355 Cr during the year with orders worth Rs. 60 Cr signed off in Q4 2017. The total order book size stood at Rs. 880 Cr as on 31<sup>st</sup> March 2017. The focus remained on completion of major projects and collection of receivables. The UIDAI project crossed the milestone of enrollment of more than 113 crore Aadhaar cards.

## **Earnings Conference Call**

We will hold an earnings conference call on 31<sup>st</sup> May 2017 at 4:00 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](http://www.hclinfosystems.in).

For more information, please visit [www.hclinfosystems.in](http://www.hclinfosystems.in)

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**About HCL Infosystems**

HCL Infosystems is one of India's premier IT Services, Distribution and Digital Solutions Company, enabling organizations attain and sustain competitive advantage by leveraging Information and Communication Technologies. It offers a comprehensive portfolio of capabilities spanning IT & System Integration services, digitally-enabled learning to value-added distribution of technology, mobility and consumer products. For more information, please visit us at [www.hclinfosystems.in](http://www.hclinfosystems.in); follow HCL Infosystems on Twitter at [@HCLScribes](https://twitter.com/HCLScribes)

**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 its presence across varied sectors that include technology, healthcare and talent management solutions. The organization, as a whole, comprises of four companies - HCL Infosystems, HCL Technologies, HCL Healthcare and HCL TalentCare. The enterprise generates annual revenue of over US\$ 7 billion with more than 110,000 employees from 100 nationalities operating across 31 countries, including over 500 points of presence in India. For further information, visit [www.hcl.com](http://www.hcl.com)

(Tables to follow)

**CONSOLIDATED RESULTS**

Rs Crores

	Unaudited			Audited	
	Three Months ended			Year ended (Twelve Months) 31.03.2017	Period Ended (Nine Months) 31.03.2016
	31.03.2017	31.12.2016	31.03.2016		
<b>Income</b>					
Revenue From Operations	823.1	764.6	1,069.1	3,737.5	3,656.2
Other Income	33.3	36.5	51.6	145.7	136.2
<b>Total Income</b>	<b>856.4</b>	<b>801.1</b>	<b>1,120.8</b>	<b>3,883.2</b>	<b>3,792.4</b>
<b>Expenses</b>					
Cost of materials consumed	0.2	0.1	0.1	0.8	0.1
Purchases of Stock-in-trade	532.8	505.0	736.2	2,507.2	2,606.4
Changes in Inventories of finished goods, work-in-progress and stock-in-trade	6.8	1.8	26.3	57.1	41.1
Employee benefits expense	122.3	128.6	146.1	541.4	458.3
Finance costs	48.9	49.2	46.7	190.3	125.7
Depreciation and amortisation expense	8.9	11.9	9.9	39.2	32.0
Other Expenses	207.5	170.4	226.7	778.9	680.7
Total Expenses	927.3	866.9	1,192.0	4,114.9	3,944.2
<b>Profit / (Loss) before exceptional items and Tax</b>	<b>(70.9)</b>	<b>(65.8)</b>	<b>(71.2)</b>	<b>(231.7)</b>	<b>(151.9)</b>
Exceptional Items loss/ (Gain)	61.0	-	71.1	61.0	67.2
<b>Profit / (Loss) before tax</b>	<b>(131.9)</b>	<b>(65.8)</b>	<b>(142.3)</b>	<b>(292.7)</b>	<b>(219.1)</b>
Tax Expense/ (Credit)					
Current tax	7.7	1.6	1.2	11.3	8.9
Deferred tax	(15.5)	(16.6)	11.2	(56.3)	(13.7)
<b>Net Profit / (Loss) for the period</b>	<b>(124.1)</b>	<b>(50.7)</b>	<b>(154.6)</b>	<b>(247.7)</b>	<b>(214.3)</b>
Other Comprehensive income, net of income tax					
A.(i) Items that will not be reclassified to profit or loss	0.9	0.0	0.0	0.9	0.1
(ii) Income tax relating to items that will not be reclassified to profit or loss	0.1	0.0	0.0	0.1	0.0
B.(i) Items that will be reclassified to profit or loss	(2.3)	(3.5)	1.1	(7.6)	4.9
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-
Total other comprehensive income, net of income tax	(1.5)	(3.5)	1.2	(6.8)	5.0
<b>Total comprehensive income for the period</b>	<b>(125.6)</b>	<b>(54.2)</b>	<b>(153.5)</b>	<b>(254.5)</b>	<b>(209.3)</b>
<b>Basic EPS (Not annualised) Rs/share</b>	<b>(5.6)</b>	<b>(2.3)</b>	<b>(6.9)</b>	<b>(11.1)</b>	<b>(9.6)</b>

**CONSOLIDATED SEGMENT RESULTS**

Rs Crores

	Unaudited			Audited	
	Three Months ended			Year ended (Twelve Months) 31.03.2017	Period Ended (Nine Months) 31.03.2016
	31.03.2017	31.12.2016	31.03.2016		
<b>Segment Revenue</b>					
-Hardware Products and Solutions (Net)	102.3	60.1	83.4	361.6	357.3
- Services (Net)	229.2	235.3	239.3	945.8	741.4
- Distribution	503.9	475.8	764.4	2,470.0	2,609.1
- Learning	2.4	2.7	4.7	13.3	16.5
Total	837.8	773.9	1,091.8	3,790.7	3,724.3
Less : Intersegment revenue	14.7	9.2	22.8	53.2	68.1
<b>Net Sales / Income from Operations</b>	<b>823.1</b>	<b>764.7</b>	<b>1,069.1</b>	<b>3,737.5</b>	<b>3,656.2</b>
<b>Segment Results (Profit / (Loss) before Tax and Interest from each segment)</b>					
- Hardware Products and Solutions	(20.1)	(10.1)	(12.3)	(5.7)	2.6
- Services	(57.4)	(9.5)	(16.2)	(102.1)	(39.8)
- Distribution	0.5	-	2.2	7.1	6.4
- Learning	(14.8)	(1.7)	(73.1)	(18.9)	(79.1)
Total	(91.7)	(21.3)	(99.4)	(119.5)	(109.8)
Less :					
i) Interest Expense	48.9	49.2	46.7	190.3	125.7
ii) Other un-allocable expenditure net off un-allocable (income)	(8.6)	(4.7)	(3.8)	(17.1)	(16.5)
<b>Total Profit / (Loss) before Tax</b>	<b>(131.9)</b>	<b>(65.8)</b>	<b>(142.3)</b>	<b>(292.7)</b>	<b>(219.1)</b>
<b>Segment Assets</b>					
- Hardware Products and Solutions	1,238.5	1,287.1	1,548.9	1,238.5	1,548.9
- Services	740.5	899.8	947.1	740.5	947.1
- Distribution	442.0	388.8	491.3	442.0	491.3
- Learning	74.4	102.0	142.5	74.4	142.5
Unallocated					
- Liquid Assets	120.9	120.8	50.2	120.9	50.2
- Others unallocated	567.7	645.4	386.5	567.7	386.5
<b>Total Assets</b>	<b>3,184.0</b>	<b>3,443.9</b>	<b>3,566.4</b>	<b>3,184.0</b>	<b>3,566.4</b>
<b>Segment Liabilities</b>					
- Hardware Products and Solutions	585.4	571.8	708.5	585.4	708.5
- Services	222.2	230.3	215.5	222.2	215.5
- Distribution	427.4	347.8	470.8	427.4	470.8
- Learning	16.4	17.9	21.4	16.4	21.4
Unallocated					
- Others unallocated	1,383.3	1,601.1	1,346.3	1,383.3	1,346.3
<b>Total Segment Liabilities</b>	<b>2,634.6</b>	<b>2,768.9</b>	<b>2,762.5</b>	<b>2,634.6</b>	<b>2,762.5</b>

Rs Crores

**Statement of Assets and Liabilities**

**Consolidated**

Audited as at 31.03.2017      Audited as at 31.03.2016

**ASSETS**

**Non-Current Assets**

Property, plant And equipment	116	131
Capital work-in-progress	1	2
Goodwill	504	568
Other intangible assets	18	29
Intangible assets under development	3	2
Financial Assets	0	0
i. Investments	0	0
ii. Other Financial Assets	41	93
Deferred tax assets (net)	165	110
Advance Income Tax Asset (net)	161	112
Other non-current assets	134	130
<b>Total non-current assets</b>	<b>1144</b>	<b>1176</b>

**Current assets**

Inventories	141	214
Financial assets		
i. Investments	121	50
ii. Trade receivables	1293	1550
iii. Cash and cash equivalents	138	199
iv. Bank balances other than (iii) above	55	19
v. Loans	1	1
vi. Other Financial Assets	188	265
Other current assets	104	91
<b>Total current assets</b>	<b>2040</b>	<b>2390</b>

**Total assets**

**3184      3566**

**EQUITY AND LIABILITIES**

**Equity**

Equity share capital	45	45
Other Equity	505	759
<b>Total Equity</b>	<b>549</b>	<b>804</b>

**LIABILITIES**

**Non-current liabilities**

Financial liabilities		
i. Borrowings	413	528
ii. Other financial liabilities	0	14
Provisions	19	20
Deferred tax liabilities (net)	0	1
Other non-current liabilities	1	3
<b>Total non-current liabilities</b>	<b>433</b>	<b>566</b>

**Current liabilities**

Financial liabilities		
i. Borrowings	577	454
ii. Trade payables	723	800
iii. Other financial liabilities	427	359
Other current liabilities	345	456
Provisions	126	128
Current tax liabilities (net)	5	1
<b>Total current liabilities</b>	<b>2202</b>	<b>2197</b>

**Total liabilities**

**2635      2762**

**Total equity and liabilities**

**3184      3566**