

HCL INFOSYSTEMS LIMITED
Unaudited Financial Results for the quarter and nine months ended December 31, 2017
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Consolidated Statement of Profit and Loss for the quarter and nine months ended December 31, 2017

(Rs. In Lakhs)

Particulars	Consolidated					
	Unaudited			Unaudited		Audited
	Three months ended			Year to Date		Year ended
	31.12.2017	30.09.2017	31.12.2016	31.12.2017	31.12.2016	31.03.2017
1 Income						
Revenue from operations	130,950	88,061	76,405	287,434	291,114	373,372
Other income	2,779	3,019	3,927	8,769	11,233	14,568
Total Income	133,729	91,080	80,332	296,203	302,347	387,940
2 Expenses						
(a) Cost of materials consumed	2	-	13	21	59	79
(b) Purchase of stock-in-trade	115,762	63,510	46,669	223,935	185,944	234,857
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(13,135)	(4,581)	182	(22,540)	5,038	5,713
(d) Employee benefits expense	10,381	11,434	12,827	34,081	41,746	53,951
(e) Finance costs	4,422	4,193	4,920	12,976	14,142	19,029
(f) Depreciation and amortisation expense	598	631	990	2,045	2,444	3,148
(g) Other expenses	21,481	22,067	21,041	63,993	68,262	93,266
Total expenses	139,511	97,254	86,642	314,511	317,635	410,043
3 Profit / (Loss) before exceptional items and tax from continuing operations (1 - 2)	(5,782)	(6,174)	(6,310)	(18,308)	(15,288)	(22,103)
4 Exceptional Items loss / (gain)	-	39,000	-	39,000	-	5,000
5 Profit / (Loss) before tax from continuing operations (3 - 4)	(5,782)	(45,174)	(6,310)	(57,308)	(15,288)	(27,103)
6 Tax expense / (credit)						
(a) Current tax	10	60	156	168	365	1,131
(b) Deferred tax expense / (credit)	133	52	(1,664)	(1,050)	(4,083)	(5,631)
7 Net Profit / (Loss) for the period from continuing operations (5 - 6)	(5,925)	(45,286)	(4,802)	(56,426)	(11,570)	(22,603)
8 Profit / (Loss) from discontinued operations	(280)	(271)	(271)	(848)	(786)	(2,164)
9 Tax expense / (credit) of discontinued operations	-	-	-	-	-	-
10 Net Profit / (Loss) for the period from discontinued operations (8 - 9)	(280)	(271)	(271)	(848)	(786)	(2,164)
11 Net Profit / (Loss) for the period (7+ 10)	(6,205)	(45,557)	(5,073)	(57,274)	(12,356)	(24,767)
12 Other comprehensive income						
A (i) Items that will not be reclassified to profit or loss	-	(1)	3	-	6	91
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	2	-	2	14
B (i) Items that will be reclassified to profit or loss	82	116	(350)	314	(535)	(761)
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-
Total other comprehensive income, net of income tax	82	115	(349)	314	(531)	(684)
13 Total comprehensive income for the period (11 + 12)	(6,123)	(45,442)	(5,422)	(56,960)	(12,887)	(25,451)
14 Net Profit/(Loss) attributable to:						
- Shareholders	(6,205)	(45,557)	(5,073)	(57,274)	(12,356)	(24,767)
- Non-controlling interests	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total comprehensive income attributable to:						
- Shareholders	(6,123)	(45,442)	(5,422)	(56,960)	(12,887)	(25,451)
- Non-controlling interests	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
15 Paid-up equity share capital (Face value per share in Rs. 2/-)	6,584	4,460	4,458	6,584	4,458	4,458
16 Reserve excluding revaluation reserves as per balance sheet of previous accounting year						50,484
17 Earnings per share for continuing operations (of Rs 2/- each) (not annualised):						
(a) Basic	(2.36)	(20.31)	(2.15)	(24.30)	(5.19)	(10.14)
(b) Diluted	(2.36)	(20.31)	(2.15)	(24.30)	(5.19)	(10.14)
18 Earnings per share for discontinued operations (of Rs 2/- each) (not annualised):						
(a) Basic	(0.11)	(0.12)	(0.12)	(0.37)	(0.35)	(0.97)
(b) Diluted	(0.11)	(0.12)	(0.12)	(0.37)	(0.35)	(0.97)
19 Earnings per share for discontinued & continuing operations (of Rs 2/- each) (not annualised):						
(a) Basic	(2.48)	(20.43)	(2.28)	(24.66)	(5.54)	(11.11)
(b) Diluted	(2.48)	(20.43)	(2.28)	(24.66)	(5.54)	(11.11)

Segment-wise information

Particulars	Unaudited			Unaudited		Audited
	Three months ended			Year to Date		Year ended
	31.12.2017	30.09.2017	31.12.2016	31.12.2017	31.12.2016	31.03.2017
1. Segment Revenue						
- Hardware Products and Solutions	4,269	4,318	6,010	12,630	25,933	36,161
- Services	21,612	23,458	23,532	66,227	71,666	94,583
- Distribution	105,504	61,457	47,581	210,834	196,610	247,004
- Learning	46	86	207	287	757	948
Total	131,431	89,319	77,330	289,978	294,966	378,696
Less : Intersegment revenue	481	1,258	925	2,544	3,852	5,324
Net Sales / Income from continuing operations	130,950	88,061	76,405	287,434	291,114	373,372
2. Segment results (profit / (loss) before tax and interest from each segment)						
- Hardware Products and Solutions	(996)	(1,359)	(1,014)	(3,110)	1,436	(569)
- Services	(1,425)	(40,282)	(952)	(42,742)	(4,472)	(10,208)
- Distribution	1,056	502	-	1,293	663	710
- Learning	(143)	(194)	106	(360)	376	279
Total	(1,508)	(41,333)	(1,860)	(44,919)	(1,997)	(9,788)
Less :						
i) Interest expense	4,422	4,193	4,920	12,976	14,142	19,029
ii) Other un-allocable expenditure net off un-allocable (income)	(147)	(352)	(470)	(586)	(851)	(1,714)
Total Profit / (Loss) before tax from continuing operations	(5,783)	(45,174)	(6,310)	(57,309)	(15,288)	(27,103)
3. Segment Assets						
- Hardware Products and Solutions	96,937	108,732	128,713	96,937	128,713	123,850
- Services	37,874	39,557	89,978	37,874	89,978	74,053
- Distribution	112,742	74,037	38,883	112,742	38,883	44,204
- Learning	752	1,279	4,946	752	4,946	2,375
- Discontinued Operations	4,414	4,611	5,252	4,414	5,252	5,060
- Unallocated	61,357	61,635	76,620	61,357	76,620	68,861
Total Assets	314,076	289,851	344,392	314,076	344,392	318,403
4. Segment Liabilities						
- Hardware Products and Solutions	45,599	51,021	57,180	45,599	57,180	58,537
- Services	22,559	22,582	23,025	22,559	23,025	22,215
- Distribution	76,983	72,539	34,784	76,983	34,784	42,739
- Learning	1,456	1,362	1,742	1,456	1,742	1,595
- Discontinued Operations	40	45	44	40	44	44
- Unallocated	119,937	138,167	160,113	119,937	160,113	138,331
Total Liabilities	266,574	285,716	276,888	266,574	276,888	263,461

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 January 31, 2018. The results have been subjected to a limited review by the statutory auditors.
2. HCL Learning Limited has entered into a business transfer arrangement on April 27, 2017 with the M/s. Everest Edusys and Solutions Private Limited (the "Entity"), for transfer of Digischool Business undertaking. The closure of slump sale transaction is subject to certain conditions listed out in the Business Transfer Agreement. The assets and liabilities attributable to digischool business undertaking has accordingly been categorised as 'held for sale', in accordance with Ind AS 105. The results for the quarter ended December 31, 2017 and earlier periods presented above, attributable to digischool business undertaking, are presented as discontinued operations.

3. Exceptional items include :

Particulars	Unaudited			Unaudited		Audited
	Three months ended			Year to Date		Year ended
	31.12.2017	30.09.2017	31.12.2016	31.12.2017	31.12.2016	31.03.2017
a. Impairment of goodwill for Services business	-	39,000	-	39,000	-	5,000
Total Loss	-	39,000	-	39,000	-	5,000

4. During the quarter ended December 31, 2017, the Company has allotted 10,61,90,299 equity shares of face value of Rs 2 each at a price of Rs 47 per equity share (including a premium of Rs 45 per equity share) on a rights basis. Pursuant to which, the paid-up share capital of the company stands increased to Rs 65.84 crores divided into 32,91,89,928 Equity Shares of Rs 2 each.
5. During the current quarter, the Company has received an order from the Office of the Principal Commissioner, Central Goods and Service Tax Commissionerate, Noida raising demand of Rs 312.24 crores under rule 14 of the Cenvat Credit Rules read with the Proviso to Section 73(1) of the Finance Act, 1994. In addition to this, interest and equivalent amount of penalty has also been imposed separately under the relevant provisions of CENVAT Credit Rules read with Finance Act, 1994.

Based on legal and expert opinions obtained, the Company expects a favorable outcome on appeal.

6. The Board of Directors of HCL Infosystems Limited (the Company) in its meeting held on January 31, 2018 has approved the sale of CARE business, a division of HCL Services Limited (wholly owned subsidiary), as under :

The above mentioned transaction shall be consummated in two steps:

(a) The CARE Business division shall first be transferred by HCL Services Limited to HCL Computing Products Limited (HCPL), another wholly owned subsidiary, on slump sale basis as a going concern through a Business Transfer Agreement (BTA);

(b) After completion of slump sale of the CARE Business into HCPL, the entire shareholding of HCPL held by the Company shall be sold to M/s Quess Corp Limited, (the buyer), a listed Public Limited company through Master Agreement (MA).

The total Consideration for transaction is Rs.30 Crore. The closure of transaction is subject to certain conditions listed out in BTA and MA.

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.

By order of the Board
for HCL Infosystems Limited

Premkumar Seshadri
Executive Vice-Chairman & Managing Director

Place : Noida
Date : January 31, 2018