

HCL INFOSYSTEMS LIMITED
Audited Financial Results for the quarter and year ended March 31, 2018
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Consolidated Statement of Profit and Loss for the quarter and year ended March 31, 2018 (Rs. In Lakhs)					
Particulars	Consolidated				
	Three months ended			Year ended	
	31.03.2018	31.12.2017	31.03.2017	31.03.2018	31.03.2017
	Audited	Unaudited	Audited	Audited	
1 Income					
Revenue from operations	106,703	120,180	70,538	361,212	322,534
Other income	4,187	2,856	3,312	12,991	14,585
Total Income	110,890	123,036	73,850	374,203	337,119
2 Expenses					
(a) Cost of materials consumed	14	2	20	35	79
(b) Purchase of stock-in-trade	87,736	115,577	48,434	312,813	232,848
(c) Changes in inventories of finished goods and stock-in-trade	760	(13,135)	675	(21,780)	5,713
(d) Employee benefits expense	7,476	7,664	7,495	30,638	32,649
(e) Finance costs	3,162	3,686	3,963	13,947	15,250
(f) Depreciation and amortisation expense	577	627	625	2,748	3,108
(g) Other expenses	16,032	11,962	17,463	52,823	59,672
Total expenses	115,757	126,384	78,675	391,224	349,319
3 Profit / (Loss) before exceptional items and tax from continuing operations (1 - 2)	(4,867)	(3,348)	(4,825)	(17,021)	(12,200)
4 Exceptional Items loss / (gain)	3,142	-	1,100	3,142	1,100
5 Profit / (Loss) before tax from continuing operations (3 - 4)	(8,009)	(3,348)	(5,925)	(20,163)	(13,300)
6 Tax expense / (credit)					
(a) Current tax	76	10	766	244	1,131
(b) Deferred tax expense / (credit)	702	133	(704)	313	(2,063)
7 Net Profit / (Loss) for the period from continuing operations (5 - 6)	(8,787)	(3,491)	(5,987)	(20,720)	(12,368)
8 Profit / (Loss) before Tax from discontinued operations (Refer note 4)	(4,719)	(2,715)	(7,268)	(50,721)	(15,967)
9 Tax expense / (credit) of discontinued operations (Refer note 4)	10,596	-	(844)	9,935	(3,568)
10 Net Profit / (Loss) for the period from discontinued operations (8 - 9)	(15,315)	(2,715)	(6,424)	(60,656)	(12,399)
11 Net Profit / (Loss) for the period (7+ 10)	(24,102)	(6,206)	(12,411)	(81,376)	(24,767)
12 Other comprehensive income					
A (i) Items that will not be reclassified to profit or loss	(31)	-	85	(31)	91
(ii) Income tax relating to items that will not be reclassified to profit or loss	8	-	12	8	14
B (i) Items that will be reclassified to profit or loss	146	82	(226)	460	(761)
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-
Total other comprehensive income, net of income tax	107	82	(153)	421	(684)
13 Total comprehensive income for the period (11 + 12)	(23,995)	(6,124)	(12,564)	(80,955)	(25,451)
14 Net Profit/(Loss) attributable to:					
- Shareholders	(24,102)	(6,206)	(12,411)	(81,376)	(24,767)
- Non-controlling interests	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total comprehensive income attributable to:					
- Shareholders	(23,995)	(6,124)	(12,564)	(80,955)	(25,451)
- Non-controlling interests	(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	6,584	4,458	6,584	4,458
16 Reserve as per balance sheet of previous accounting year				16,950	50,484
17 Earnings per share for continuing operations (of Rs 2/- each) (not annualised):					
(a) Basic	(2.67)	(1.39)	(2.69)	(8.09)	(5.55)
(b) Diluted	(2.67)	(1.39)	(2.69)	(8.09)	(5.55)
18 Earnings per share for discontinued operations (of Rs 2/- each) (not annualised):					
(a) Basic	(4.65)	(1.08)	(2.88)	(23.68)	(5.56)
(b) Diluted	(4.65)	(1.08)	(2.88)	(23.68)	(5.56)
19 Earnings per share for discontinued & continuing operations (of Rs 2/- each) (not annualised):					
(a) Basic	(7.32)	(2.48)	(5.57)	(31.77)	(11.11)
(b) Diluted	(7.32)	(2.48)	(5.57)	(31.77)	(11.11)

Consolidated Balance Sheet (Rs. In Lakhs)		
Particulars	Consolidated	
	As at 31.03.2018 (Audited)	As at 31.03.2017 (Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	10,357	11,570
Capital work-in-progress	225	142
Goodwill	5,497	50,424
Other intangible assets	685	1,838
Intangible assets under development	-	315
Financial assets		
i. Other financial assets	604	4,139
Deferred tax assets (net)	6,502	16,543
Advance income tax asset (net)	12,720	16,054
Other non-current assets	16,543	13,362
Total non-current assets	53,133	114,387
Current assets		
Inventories	29,894	14,131
Financial assets		
i. Investments	12,222	12,087
ii. Trade receivables	128,779	129,273
iii. Cash and cash equivalents	10,968	13,809
iv. Bank balances other than (iii) above	2,326	5,533
v. Loans	-	60
vi. Other financial assets	15,768	19,677
Other current assets	12,785	9,446
Total current assets	212,742	204,016
Disposal group - assets held for sale	21,914	-
Total assets	287,789	318,403
EQUITY AND LIABILITIES		
Equity		
Equity share capital	6,584	4,458
Other equity	16,950	50,484
Non-controlling interests	(0.00)	(0.00)
Total equity	23,534	54,942
LIABILITIES		
Non-current liabilities		
Financial liabilities		
i. Borrowings	16,917	41,316
Provisions	993	1,871
Deferred tax liabilities (net)	251	35
Other non-current liabilities	-	69
Total non-current liabilities	18,161	43,291
Current liabilities		
Financial liabilities		
i. Borrowings	75,606	57,684
ii. Trade payables	90,838	73,716
iii. Other financial liabilities	30,435	42,663
Other current liabilities	24,699	33,081
Provisions	15,061	12,566
Current tax liabilities (net)	322	460
Total current liabilities	236,961	220,170
Disposal group - liabilities directly associated with assets held for sale	9,133	-
Total liabilities	264,255	263,461
Total equity and liabilities	287,789	318,403

Segment-wise information

Particulars	Three months ended			Year ended	
	31.03.2018	31.12.2017	31.03.2017	31.03.2018	31.03.2017
	Audited	Unaudited	Audited	Audited	
1. Segment Revenue					
- Hardware Products and Solutions	5,592	4,269	10,228	18,222	36,161
- Services *	21,280	21,612	22,917	87,607	94,583
- Distribution	90,796	105,504	50,394	301,630	247,004
- Learning	(63)	59	239	313	1,329
Total	117,605	131,444	83,778	407,672	379,077
Less : Intersegment revenue	859	481	1,472	3,403	5,324
Revenue from operations	116,746	130,963	82,306	404,269	373,753
2. Segment results (profit / (loss) before tax and interest from each segment)					
- Hardware Products and Solutions	(1,748)	(996)	(2,005)	(4,858)	(569)
- Services *	(3,664)	(1,425)	(5,736)	(46,406)	(10,208)
- Distribution	(109)	1,056	47	1,184	710
- Learning	(3,363)	(423)	(1,475)	(4,571)	(1,885)
Total	(8,884)	(1,788)	(9,169)	(54,651)	(11,952)
Less :					
i) Interest expense	3,947	4,422	4,887	16,923	19,029
ii) Other un-allocable expenditure net off un-allocable (income)	(103)	(147)	(863)	(690)	(1,714)
Total Profit / (Loss) before tax	(12,728)	(6,063)	(13,193)	(70,884)	(29,267)
3. Segment Assets					
- Hardware Products and Solutions	91,306	96,937	123,850	91,306	123,850
- Services *	34,738	37,874	74,053	34,738	74,053
- Distribution	105,068	112,742	44,204	105,068	44,204
- Learning	1,133	5,166	7,435	1,133	7,435
- Unallocated	55,544	61,357	68,861	55,544	68,861
Total Assets	287,789	314,076	318,403	287,789	318,403
4. Segment Liabilities					
- Hardware Products and Solutions	50,555	45,599	58,537	50,555	58,537
- Services *	19,395	22,559	22,215	19,395	22,215
- Distribution	71,722	76,983	42,739	71,722	42,739
- Learning	1,003	1,496	1,639	1,003	1,639
- Unallocated	121,580	119,937	138,331	121,580	138,331
Total Liabilities	264,255	266,574	263,461	264,255	263,461

* Refer Note 4 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 May 29, 2018. The results for year ended March 31, 2018 have been audited by the statutory auditors.
- The amounts for the quarter ended March 31, 2018 represent difference between the amounts as per audited year end accounts and the year to date results upto December 31, 2017 which have been subjected to limited review.
- (a) The Board of Directors of HCL Infosystems Limited (the Company) in its meeting held on January 31, 2018 had 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 for a total consideration of Rs 30 crore.
Pursuant to above, the CARE Business division has been transferred to QDigi Services Limited on March 31, 2018 and entire shareholding of QDigi Services Limited has been transferred to M/s Quess Corp Limited on April 11, 2018.
- (b) 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 Kavya Data Management Services Limited for a consideration of Rs.108 crore approximately (including tax refunds of Rs.87 crore payable to the extent received). The consideration is subject to final adjustments at time of closing date.

This transaction excludes;

- Care Business (for divestment to M/s Quess Corp Limited)
- IT & Facility unit (transferred to HCL Infosystems Limited)
- Investment in HCL Insys PTE Limited, Singapore including its subsidiaries (transferred to HCL Learning Limited)

Place : Noida
Date : May 29, 2018

- Pursuant to 3(a) & 3(b) above, Care Business & Domestic Enterprise Services Business has been considered as discontinued operations. The relevant information for all the period presented, attributable to these discontinued operations are as follows:

Particulars	Three months ended			Year ended	
	31.03.2018	31.12.2017	31.03.2017	31.03.2018	31.03.2017
	Audited	Unaudited	Audited	Audited	
Total revenue (including Other income)	10,227	10,782	11,794	43,383	51,266
Total expenditure	12,758	13,497	14,062	52,916	62,233
Profit/ (loss) before exceptional items and tax	(2,531)	(2,715)	(2,268)	(9,533)	(10,967)
Exceptional Items loss	2,188	-	5,000	41,188	5,000
Profit/ (loss) before tax	(4,719)	(2,715)	(7,268)	(50,721)	(15,967)
Tax expense	10,596	-	(844)	9,935	(3,568)
Profit/ (loss) after tax	(15,315)	(2,715)	(6,424)	(60,656)	(12,399)
Total assets	21,914			21,914	
Total liabilities	9,133			9,133	

- Loss from discontinued operations for the quarter ended March 31, 2018 includes, impairment of Goodwill for Services business of Rs 21.88 crore (for the year ended March 31, 2018 Rs 411.88 crore) and Reversal of Deferred Tax Assets of Rs 105.96 crore (for the year ended March 31, 2018 Rs 99.35 crore) considering the impending transaction of sale of Care and Domestic Enterprise Services Business as mentioned in Note 3(a) and 3(b).
- HCL Learning Limited had entered into a business transfer arrangement on April 27, 2017 with M/s. Everest Edusys and Solutions Private Limited (the "Entity") for transfer of Digischool Business undertaking. The closure of slump sale transaction was subject to certain conditions listed out in the Business Transfer Agreement (BTA). On account of material breach of the terms of the BTA by the entity, HCL Infosystems Ltd and HCL Learning Ltd has terminated the BTA. Accordingly, Learning Business which was presented as held for sale in earlier periods has been reclassified as continuing operations and has been included in income from continuing operations for all the period presented. Pursuant to the above development and due to no future plan for Digischool business, the Company has written off Goodwill (disclosed as exceptional item) of Rs 31.42 crore and Intangible Assets of Rs 10.80 crore during the current quarter for Learning business.
- The Board of Directors of HCL Infosystems Limited (the Company) and HCL Insys Pte Limited (wholly owned step down subsidiary of the Company) in its meeting held on February 28, 2018 had approved to sell its entire investments in its subsidiary namely HCL Infosystems MEA FZE (HCL MEA) along with step down subsidiary of HCL MEA on payment of a consideration of AED 4.12 million. The closure of transaction was subject to certain conditions precedent as specified in the Share Purchase Agreement (SPA). The Company has terminated the SPA on April 16, 2018 as the buyer has failed to pay the consideration, which is a material breach of terms of SPA.

- Exceptional items include :

Particulars	Three months ended			Year ended	
	31.03.2018	31.12.2017	31.03.2017	31.03.2018	31.03.2017
	Audited	Unaudited	Audited	Audited	
a. Impairment of goodwill	3,142	-	1,100	3,142	1,100
Total Loss	3,142	-	1,100	3,142	1,100

- Consolidated Results include financial results of HCL Infosystems Limited, and its subsidiaries.
- 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

Ranarajan Raqhvani
Managing Director