

HCL Infosystems Reports Revenue of Rs 1,084 Crore in Q2 FY 2019 from continuing operations, an increase of 44% Y-o-Y

Quarter Highlights of Continuing Operations

- Q2 FY19 revenue at Rs. 1,084 Crore vs. Rs. 1,129 Crore in Q1 FY19 and Rs. 754 Crore in Q2 FY18
- Distribution business revenue at Rs. 936 Crore in Q2FY19 vs. Rs. 986 Crore in Q1FY18
 - Enterprise Distribution revenue was at Rs. 414 Crore in Q2FY19 vs Rs. 457 Crore in Q1FY19
 - Consumer Distribution revenue was at Rs. 522 Crore in Q2FY19 vs. Rs.529 Crore in Q1FY19
- Loss before interest, tax and exceptional items was Rs. 2.8 Crore in Q2FY19 vs. Rs. 6.4 Crore in Q1FY19

Revenue from discontinued operations in Q2FY19 was Rs. 9 Crore and Profit before tax was Rs. 0.6 Crore.

New Delhi, October 25, 2018: HCL Infosystems, India's premier Distribution, IT Services & Solutions Company, today announced its financial results for the quarter ended September 30th, 2018.

Mr. Rangarajan Raghavan, Managing Director, HCL Infosystems Ltd., commenting on the results said, *"Our Distribution business continues to maintain its steady journey in this quarter. The overseas services business in Singapore did well this quarter also. We are moving forward as per our roadmap of focusing on our core businesses of Enterprise & Consumer Distribution."*

There was a key development for the company shortly after the end of the quarter. The Board of Directors on 15th October, 2018 approved the decision to sell most of the company's operations in the Middle East. These include operations in Dubai, Abu Dhabi and Qatar. The sale will be made to a consortium of individuals and the consideration of the transaction is AED 3,440,780 (to be adjusted on the date of transfer of the shares based on the terms and conditions as specified in the transaction documents). The closure of transaction is subject to certain conditions mentioned in the Share Purchase Agreement.

Distribution Business:

The Distribution Business reported revenue of Rs. 936 Crore in the quarter.

Enterprise Distribution had revenue of Rs. 414 Crore in the quarter with a growth of 31% Y-o-Y. However there was a 9% Q-o-Q decline in revenues due to weak demand because of rupee devaluation and general market conditions. The channel business continued its momentum and did well in this quarter. Existing relationships with OEM's were expanded to enhance the product portfolio of the business such as the new Dell EMC partnership for Storage Solutions. In the quarter, Enterprise Distribution realigned its team and enhanced capabilities to gain traction in emerging digital technologies including its Security and Cloud practice.

Consumer Distribution reported revenue of Rs. 522 Crore in the quarter versus Rs. 529 Crore in the preceding quarter. The distribution partnership with HMD Global for Nokia handsets again delivered a good performance and was the chief contributor to the revenues of the business in the quarter. The multi

channel strategy of Consumer Distribution continued to gain traction with both e-Brandstore and MFI (Micro Finance Institutions) channels under Direct to Consumer Segment producing good results. The partnerships with both Samsung and Microsoft Surface also gained ground. The contract with Apple India Pvt Ltd ended as of September 30, 2018.

Global Services:

In the quarter, revenue for the Global Services business increased by 5%. The focus on automation continued this quarter too in the End User Computing and Data Center space.

System Integration (SI) & Solutions:

The SI and Solutions business registered revenue of Rs. 38 Crore in Q2FY19. The business continued its focus on project execution and collection of receivables.

We have been associated with the Power Projects of certain states under the RAPDRP Programme (Restructured Accelerated Power Development and Reforms Programme). These are System integration projects, an initiative of Ministry of Power, being delivered by the company. The implementation phase is either completed or nearing completion and support phase is starting. Currently, work done is being validated & audited by an independent agency appointed by the customer.

We are working closely with the customer, for taking the validation & audit work to closure and expedite payments which are overdue.

Earnings Conference Call

We will hold an earnings conference call on 26th October at 04:00 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.

For more information, please visit www.hclinfosystems.in

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About HCL Infosystems

HCL Infosystems is a Distribution, IT Services, and Solutions Company, enabling organizations attain and sustain competitive advantage by leveraging Information and Communication Technologies. It offers a portfolio of capabilities spanning IT & System Integration services to value-added 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 \$ 8.1 billion with more than 127,000 employees from 140 nationalities operating across 43 countries, including over 500 points of presence in India.

CONSOLIDATED RESULTS

Rs crores

	Unaudited			Unaudited		Audited
	Three Months ended			Year to date		Year Ended
	30.09.2018	30.06.2018	30.09.2017	30.09.2018	30.09.2017	31.03.2018
Income						
Revenue From Operations	1,084.3	1,128.5	754.7	2,212.8	1,315.9	3,564.6
Other Income	23.6	25.8	31.4	49.4	60.2	129.1
Total Income	1,107.8	1,154.3	786.1	2,262.2	1,376.2	3,693.7
Expenses						
Cost of materials consumed	-	0.0	-	0.0	0.2	0.4
Purchase of Stock-in-trade	914.5	885.4	607.9	1,799.9	1,095.8	3,128.1
Changes in Inventories of finished goods, work-in-progress and stock-in-trade	1.6	82.6	(45.8)	84.2	(94.1)	(217.8)
Employee benefits expense	75.6	75.4	67.1	151.0	137.4	276.0
Finance costs	30.2	33.1	35.1	63.3	71.0	139.5
Depreciation and amortisation expense	5.5	5.3	8.0	10.8	15.4	27.5
Other Expenses	113.4	111.9	156.9	225.4	239.6	512.2
Total Expenses	1,140.8	1,193.8	829.1	2,334.6	1,465.4	3,865.8
Profit / (Loss) before exceptional items and Tax from continuing operations	(32.9)	(39.5)	(43.0)	(72.4)	(89.2)	(172.1)
Exceptional Items loss/ (Gain)	-	-	-	-	-	31.4
Profit / (Loss) before tax from continuing operations	(32.9)	(39.5)	(43.0)	(72.4)	(89.2)	(203.5)
Tax Expense/ (Credit)						
Current tax	(0.6)	0.8	0.4	0.2	1.2	2.0
Deferred tax	1.1	-	0.5	1.1	(5.2)	3.1
Net Profit / (Loss) for the period from continuing operations	(33.5)	(40.2)	(43.9)	(73.7)	(85.2)	(208.6)
Profit / (Loss) before Tax from discontinued operations	0.6	2.1	(411.5)	2.7	(431.7)	(505.3)
Profit/(loss) on disposal of discontinued operations	-	9.6	-	9.6	-	-
Tax expense / (Credit) of discontinued operations	0.1	0.1	0.2	0.2	(6.3)	99.8
Net Profit / (Loss) for the period from Discontinued operations	0.5	11.6	(411.7)	12.1	(425.5)	(605.2)
Net Profit / (Loss) for the period	(33.0)	(28.6)	(455.6)	(61.6)	(510.7)	(813.8)
Other Comprehensive income						
A.(i) Items that will not be reclassified to profit or loss	-	-	(0.0)	-	-	(0.3)
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-	0.1
B.(i) Items that will be reclassified to profit or loss	5.6	3.3	1.2	8.9	2.3	4.6
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-
Total other comprehensive income, net of income tax	5.6	3.3	1.2	8.9	2.3	4.2
Total comprehensive income for the period	(27.4)	(25.3)	(454.4)	(52.7)	(508.4)	(809.5)
Basic EPS (Not annualised) Rs/share for discontinued & continuing operations	(1.0)	(0.9)	(20.4)	(1.9)	(22.9)	(31.8)

CONSOLIDATED SEGMENT INFORMATION

	Unaudited			Unaudited		Rs crores
	Three Months ended			Year to date		Audited
	30.09.2018	30.06.2018	30.09.2017	30.09.2018	30.09.2017	Year Ended 31.03.2018
Segment Revenue						
- Hardware Products and Solutions	38.1	38.3	43.2	76.4	83.6	182.2
- Services	120.3	144.1	234.6	264.3	446.2	875.1
- Distribution	936.0	985.8	614.6	1,921.8	1,053.3	3,016.3
- Learning	2.6	0.6	1.3	3.2	3.2	3.1
Total	1,096.9	1,168.8	893.6	2,265.7	1,586.2	4,076.7
Less : Intersegment revenue	4.4	1.1	12.6	5.5	20.6	34.0
Net Sales / Income from Continuing Operations	1,092.5	1,167.7	881.1	2,260.2	1,565.6	4,042.7
Segment Results (Profit / (Loss) before Tax and Interest from each segment)						
- Hardware Products and Solutions	(9.6)	(11.1)	(13.6)	(20.7)	(21.1)	(48.6)
- Services	5.4	16.6	(402.8)	22.0	(413.2)	(464.1)
- Distribution	2.1	1.0	5.0	3.0	2.4	11.8
- Learning	1.5	(0.4)	(4.7)	1.1	(7.9)	(45.7)
Total	(0.6)	6.1	(416.0)	5.5	(439.8)	(546.5)
Less :						
i) Interest Expense	30.2	34.4	41.9	64.6	85.5	169.2
ii) Other un-allocable expenditure net off un-allocable (income)	1.6	(0.5)	(3.5)	1.1	(4.4)	(6.9)
Total Profit / (Loss) before Tax from continuing operations	(32.3)	(27.8)	(454.4)	(60.1)	(520.9)	(708.8)
Segment Assets						
- Hardware Products and Solutions	765.5	871.9	1,087.3	765.5	1,087.3	913.1
- Services	227.9	205.9	395.6	227.9	395.6	347.4
- Distribution	1,124.2	989.7	740.4	1,124.2	740.4	1,050.7
- Learning	3.6	6.9	58.9	3.6	58.9	11.3
- Unallocated	546.8	580.9	616.4	546.8	616.4	555.4
Total Assets	2,668.1	2,655.2	2,898.5	2,668.1	2,898.5	2,877.9
Segment Liabilities						
- Hardware Products and Solutions	482.1	556.5	510.2	482.1	510.2	505.6
- Services	82.3	81.4	225.8	82.3	225.8	194.0
- Distribution	952.0	696.2	725.4	952.0	725.4	717.2
- Learning	11.0	10.4	14.1	11.0	14.1	10.0
- Unallocated	958.0	1,100.6	1,381.7	958.0	1,381.7	1,215.8
Total Liabilities	2,485.4	2,445.1	2,857.2	2,485.4	2,857.2	2,642.6

Consolidated Balance Sheet

	Rs crores	
	Consolidated	
	Unaudited as at 30.09.2018	Audited as at 31.03.2018
ASSETS		
Non-Current Assets		
Property, plant And equipment	101	104
Capital work-in-progress	5	2
Goodwill	55	55
Other intangible assets	6	7
Financial Assets		
i. Other financial assets	102	6
Deferred tax assets (net)	65	65
Advance Income Tax Asset (net)	115	127
Other non-current assets	167	165
Total non-current assets	616	531
Current assets		
Inventories	215	299
Financial assets		
i. Investments	114	122
ii. Trade receivables	1,248	1,288
iii. Cash and cash equivalents	92	110
iv. Bank balances other than (iii) above	38	23
v. Other Financial Assets	179	158
Other current assets	135	128
Total current assets	2,020	2,127
Disposal group - assets held for sale	32	219
Total assets	2,668	2,878
EQUITY AND LIABILITIES		
Equity		
Equity share capital	66	66
Other Equity	117	170
Non-controlling interests	(0)	(0)
Total Equity	183	235
LIABILITIES		
Non-current liabilities		
Financial liabilities		
i. Borrowings	100	169
Provisions	11	10
Deferred tax liabilities (net)	4	3
Total non-current liabilities	115	182
Current liabilities		
Financial liabilities		
i. Borrowings	459	756
ii. Trade payables	1,178	908
iii. Other financial liabilities	382	304
Other current liabilities	239	247
Provisions	85	151
Current tax liabilities (net)	1	3
Total current liabilities	2,344	2,370
Disposal group - liabilities directly associated with assets held for sale	27	91
Total liabilities	2,485	2,643
Total equity and liabilities	2,668	2,878