

## HCL Infosystems Reports Revenue of Rs 1,117 Crore in Q3 FY 2019

### Quarter Highlights of Continuing Operations

- Q3 FY19 revenue at Rs. 1,117 Crore vs. Rs. 1,084 Crore in Q2 FY19
- Distribution business revenue at Rs. 955 Crore in Q3FY19 vs. Rs. 936 Crore in Q2FY19
  - Enterprise Distribution revenue was at Rs. 401 Crore in Q3FY19 vs Rs.414 Crore in Q2FY19
  - Consumer Distribution revenue was at Rs. 554 Crore in Q3FY19 vs. Rs.522 Crore in Q2FY19
- Profit Before Interest and Tax was Rs. 2.7 Crore in Q3FY19 vs. Rs (2.0) Crore in Q2FY19

Revenue from discontinued operations in Q3FY19 was Rs. 5 Crore and Profit before tax was Rs. 0.3 Crore.

HCL Infosystems, India's premier Distribution, IT Services & Solutions Company, today announced its financial results for the quarter ended December 31st, 2018.

**Mr. Rangarajan Raghavan, Managing Director, HCL Infosystems Ltd.**, commenting on the results said, *"Our continued focus on our distribution business in both the consumer and enterprise segments has resulted in a steady performance for the company, in this quarter too. In our Systems Integration business, we continued to focus on execution of existing projects. In the current quarter we continue to augment businesses across locations."*

### **Distribution Business:**

The Distribution Business reported revenue of Rs. 955 Crore in the quarter.

Enterprise Distribution registered revenue of Rs. 401 Crore in the quarter versus Rs. 414 Crore in Q2FY19. The small decline in revenue can be attributed to weak demand arising from rupee devaluation and general market conditions. The channel business maintained its track record with a good performance in this quarter. The team continues to focus on enhancing the Direct Business organization by further strengthening its emerging technology practices such as Network & Security, Cloud, Collaboration and Datacenter.

Consumer Distribution reported revenue of Rs. 554 Crore in the quarter versus Rs. 522 Crore in the preceding quarter, a 6% Q-o-Q growth. The multi-brand multi-channel business model for Consumer Distribution made steady progress during the quarter. The revenue from the distribution partnership with HMD Global for Nokia handsets contributed substantially to the business. Engagement with a leading e-commerce Partner for new Nokia model launches. The telecom service provider (Operator) channel gained grounds for Samsung and Nokia and the e-Brandstore business also maintained its steady growth. Our partnership with Microsoft witnessed the successful launch of the new Surface Go product in the quarter.

### **Global Services:**

In the quarter, the overseas Services business in Singapore remained on its growth path with new customer gains. The revenue grew 17% Q-o-Q with Rs. 129 Crore in Q3FY19 versus Rs. 110 Crore in Q2FY19.

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

In the quarter, the business continued to focus on project execution and collection of receivables. The SI and Solutions business registered revenue of Rs. 28 Crore in Q3FY19. The total order book size stood at Rs. 530 Crore as on 31st December 2018. During this financial year, so far we have billed orders worth Rs. 120 Cr and collected Rs. 234 Cr from our SI projects.

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 government 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 7<sup>th</sup> February 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](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 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](http://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
	31.12.2018	30.09.2018	31.12.2017	31.12.2018	31.12.2017	31.03.2018
<b>Income</b>						
Revenue From Operations	1,116.8	1,084.3	1,190.5	3,329.5	2,506.4	3,564.6
Other Income	22.6	24.3	28.3	74.0	89.1	130.7
<b>Total Income</b>	<b>1,139.4</b>	<b>1,108.6</b>	<b>1,218.8</b>	<b>3,403.5</b>	<b>2,595.6</b>	<b>3,695.4</b>
<b>Expenses</b>						
Cost of materials consumed	-	-	0.0	0.0	0.2	0.4
Purchase of Stock-in-trade	1,124.5	914.5	1,154.7	2,924.3	2,250.5	3,128.1
Changes in Inventories of finished goods, work-in-progress and stock-in-trade	(215.7)	1.6	(131.4)	(131.5)	(225.4)	(217.8)
Employee benefits expense	74.1	75.6	68.9	225.0	206.3	276.0
Finance costs	30.3	31.0	37.5	95.6	109.1	141.1
Depreciation and amortisation expense	5.4	5.5	6.3	16.2	21.7	27.5
Other Expenses	148.5	113.4	115.2	373.8	354.8	512.2
Total Expenses	1,166.9	1,141.5	1,251.3	3,503.5	2,717.2	3,867.5
<b>Profit / (Loss) before exceptional items and Tax from continuing operations</b>	<b>(27.6)</b>	<b>(32.9)</b>	<b>(32.5)</b>	<b>(100.0)</b>	<b>(121.7)</b>	<b>(172.1)</b>
Exceptional Items (loss) / Gain	-	-	-	-	-	(31.4)
<b>Profit / (Loss) before tax from continuing operations</b>	<b>(27.6)</b>	<b>(32.9)</b>	<b>(32.5)</b>	<b>(100.0)</b>	<b>(121.7)</b>	<b>(203.5)</b>
Tax Expense/ (Credit)						
Current tax	3.1	(0.6)	0.1	3.3	1.3	2.0
Deferred tax	(0.6)	1.1	1.3	0.5	(3.9)	3.1
<b>Net Profit / (Loss) for the period from continuing operations</b>	<b>(30.1)</b>	<b>(33.5)</b>	<b>(33.9)</b>	<b>(103.8)</b>	<b>(119.1)</b>	<b>(208.6)</b>
Profit / (Loss) before Tax from discontinued operations	0.3	0.6	(28.2)	3.1	(459.9)	(505.3)
Profit/(loss) on disposal of discontinued operations	-	-	-	9.6	-	-
Tax expense / (Credit) of discontinued operations	-	0.1	0.0	0.2	(6.2)	99.8
<b>Net Profit / (Loss) for the period from Discontinued operations</b>	<b>0.3</b>	<b>0.5</b>	<b>(28.2)</b>	<b>12.5</b>	<b>(453.7)</b>	<b>(605.2)</b>
<b>Net Profit / (Loss) for the period</b>	<b>(29.7)</b>	<b>(33.0)</b>	<b>(62.1)</b>	<b>(91.3)</b>	<b>(572.7)</b>	<b>(813.8)</b>
Other Comprehensive income						
A.(i) Items that will not be reclassified to profit or loss	-	-	-	-	-	(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	(3.1)	5.6	0.8	5.7	3.1	4.6
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-
Total other comprehensive income, net of income tax	(3.1)	5.6	0.8	5.7	3.1	4.2
<b>Total comprehensive income for the period</b>	<b>(32.8)</b>	<b>(27.4)</b>	<b>(61.2)</b>	<b>(85.6)</b>	<b>(569.6)</b>	<b>(809.5)</b>
<b>Basic EPS (Not annualised) Rs/share for discontinued &amp; continuing operations</b>	<b>(0.9)</b>	<b>(1.0)</b>	<b>(2.5)</b>	<b>(2.8)</b>	<b>(24.7)</b>	<b>(31.8)</b>

**CONSOLIDATED SEGMENT INFORMATION**

	Unaudited			Unaudited		Rs crores
	Three Months ended			Year to date		Audited
	31.12.2018	30.09.2018	31.12.2017	31.12.2018	31.12.2017	Year Ended 31.03.2018
<b>Segment Revenue</b>						
- Hardware Products and Solutions	28.0	38.1	42.7	104.4	126.3	182.2
- Services	134.1	120.3	216.1	398.5	662.3	875.1
- Distribution	955.4	936.0	1,055.0	2,877.2	2,108.3	3,016.3
- Learning	4.3	2.6	0.6	7.5	3.8	3.1
Total	1,121.8	1,096.9	1,314.4	3,387.5	2,900.7	4,076.7
Less : Intersegment revenue	0.2	4.4	4.8	5.8	25.4	34.0
<b>Net Sales / Income</b>	<b>1,121.6</b>	<b>1,092.5</b>	<b>1,309.6</b>	<b>3,381.8</b>	<b>2,875.2</b>	<b>4,042.7</b>
<b>Segment Results (Profit / (Loss) before Tax and Interest from each segment)</b>						
- Hardware Products and Solutions	(14.3)	(9.6)	(10.0)	(34.9)	(31.1)	(48.6)
- Services	6.8	5.4	(14.3)	28.8	(427.4)	(464.1)
- Distribution	5.2	2.9	11.2	10.2	14.1	13.5
- Learning	5.2	1.5	(4.2)	6.3	(12.1)	(45.7)
Total	2.8	0.2	(17.3)	10.4	(456.5)	(544.9)
Less :						
i) Interest Expense	30.3	31.0	44.8	96.9	131.0	170.9
ii) Other un-allocable expenditure net off un-allocable (income)	(0.3)	1.6	(1.5)	0.8	(5.9)	(6.9)
<b>Total Profit / (Loss) before Tax</b>	<b>(27.2)</b>	<b>(32.3)</b>	<b>(60.6)</b>	<b>(87.3)</b>	<b>(581.6)</b>	<b>(708.8)</b>
<b>Segment Assets</b>						
- Hardware Products and Solutions	716.5	765.5	969.4	716.5	969.4	913.1
- Services	205.8	227.9	378.7	205.8	378.7	347.4
- Distribution	1,222.3	1,124.2	1,127.4	1,222.3	1,127.4	1,050.7
- Learning	2.2	3.6	51.7	2.2	51.7	11.3
- Unallocated	570.0	546.8	613.6	570.0	613.6	555.4
<b>Total Assets</b>	<b>2,716.7</b>	<b>2,668.1</b>	<b>3,140.8</b>	<b>2,716.7</b>	<b>3,140.8</b>	<b>2,877.9</b>
<b>Segment Liabilities</b>						
- Hardware Products and Solutions	448.3	482.1	456.0	448.3	456.0	505.6
- Services	73.4	82.3	225.6	73.4	225.6	194.0
- Distribution	986.6	952.0	769.8	986.6	769.8	717.2
- Learning	8.0	11.0	15.0	8.0	15.0	10.0
- Unallocated	1,050.6	958.0	1,199.4	1,050.6	1,199.4	1,215.8
<b>Total Liabilities</b>	<b>2,566.9</b>	<b>2,485.4</b>	<b>2,665.7</b>	<b>2,566.9</b>	<b>2,665.7</b>	<b>2,642.6</b>