

HCL Infosystems Reports Revenue of Rs 681 Crore in Q1 FY2020

Quarter Highlights

- Q1 FY20 revenue at Rs. 681 Crore vs. Rs. 1,011 Crore in Q4 FY19
- Distribution business revenue was at Rs. 538 Crore in Q1FY20 while it was Rs. 845 Crore in Q4FY19
 - Enterprise Distribution revenue was at Rs. 373 Crore in Q1FY20 vs Rs. 432 Crore in Q4FY19
 - Consumer Distribution revenue stood at of Rs. 165 Crore in Q1FY20 vs. Rs. 413 Crore in Q4FY19
- Global Services business revenue was Rs 104 Crores in Q1FY20
- Loss before interest, tax and exceptional items was Rs. 19.1 Crore in Q1FY20 vs. Rs. 12.1 Crore in Q4FY19

HCL Infosystems, India's pioneer IT Services, Solutions & Distribution Company, today announced its financial results for the quarter ended June 30th, 2019.

Mr. Rangarajan Raghavan, Managing Director, HCL Infosystems Ltd., commenting on the results said, "During the quarter, Enterprise and Consumer Distribution businesses had a subdued performance in revenue & margin. Consumer business suffered due to lack of exclusive product line up by the principal in e-commerce space. Enterprise business was impacted by competitive environment and market slowdown. In our System Integration and Solutions business, we are executing existing contracts & focusing on collections. However, collections continue to be a challenge especially in Power Sector.

The company continues to explore opportunities for monetization & rationalization of its businesses & assets".

Distribution Business:

The Distribution Business reported revenue of Rs. 538 Crore in the quarter.

Enterprise Distribution reported revenue of Rs. 373 Crore in Q1FY20. While the channel business was the main contributor to the revenue, the direct business also gained traction with new customer wins. Revenue in this business was relatively lower as compared to the previous quarter due to competitive environment and market slowdown. There was also some pressure on gross margins due to the revenue mix.

In the quarter, Consumer Distribution reported revenue of Rs. 165 Crore. There was a decline in revenue in comparison to the preceding quarter due to lack of exclusive product line up by the principal.

Global Services:

The Global Services business in Singapore maintained its steady business. The business won Government commercial cloud contracts and also successfully completed recertification audit of ISO9000 & 27000.

The Global Services business revenue was Rs 104 Crores in Q1FY20 vs. Rs. 105 Crores in Q1FY19.

System Integration (SI) & Solutions:

The SI and Solutions business reported revenue of Rs. 39 Crore in Q1FY20. In line with our strategy, the team focused on project completion and the collection of receivables.

In System integration and Solutions business, we continue to face challenges and delays in customer acceptances and payments, especially in the Power Sector. We are continuously working on obtaining customer acceptances to enable payments

The delay in realization of SI receivables has impacted the capacity of the Company to invest in other businesses which have the potential for growth. However we continue to derive efficiencies and find alternate ways to the extent possible to overcome such challenges.

Restructuring of Assets:

Due to losses during last few years & resulted high debt obligation along with challenging marketing conditions; the company is also constantly exploring the following:

1. Monitoring its businesses, to assess requirement of any further restructuring or rationalization required in order to reduce the financial losses.
2. Restructuring, re-organization & sale of its select businesses & assets etc. in order to reduce the debt obligations & finance cost burden thereon.

Earnings Conference Call

We will hold an earnings conference call on 1st August 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

Contact for Investor Relations

Sumeet Ahluwalia
sumeet.ahluwalia@hcl.com

Contact for Media & Press

Tanay J. Gogoi
tanay.gogoi@hcl.com

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 \$ 8.6 billion with more than 137,000 employees from 140 nationalities operating across 44 countries, including over 500 points of presence in India. For further information, visit www.hcl.com

CONSOLIDATED RESULTS

	Three Months ended			Year Ended
	30.06.2019	31.03.2019	30.06.2018	31.03.2019
	Unaudited	Audited	Unaudited	Audited
Rs crores				
Income				
Revenue From Operations	680.9	1,010.5	1,128.5	4,340.0
Other Income	17.8	28.4	25.8	102.4
Total Income	698.6	1,038.9	1,154.3	4,442.4
Expenses				
Cost of materials consumed	-	-	0.04	0.04
Purchase of Stock-in-trade	516.2	499.4	885.4	3,423.7
Changes in Inventories of finished goods, work-in-progress and stock-in-trade	10.6	335.0	82.6	203.5
Employee benefits expense	68.0	67.0	75.4	292.0
Finance costs	26.8	27.4	33.1	123.0
Depreciation and amortisation expense	6.6	5.5	5.3	21.6
Other Expenses	116.4	144.1	111.9	517.9
Total Expenses	744.6	1,078.4	1,193.8	4,581.9
Profit / (Loss) before exceptional items and Tax from continuing operations	(45.9)	(39.5)	(39.5)	(139.5)
Exceptional Items (loss) / Gain	6.2	-	-	-
Profit / (Loss) before tax from continuing operations	(39.7)	(39.5)	(39.5)	(139.5)
Tax Expense/ (Credit)				
Current tax	-	2.1	0.8	5.4
Deferred tax	0.3	2.4	-	2.9
Net Profit / (Loss) for the period from continuing operations	(40.0)	(43.9)	(40.2)	(147.7)
Profit / (Loss) before Tax from discontinued operations	-	-	2.1	3.1
Profit/(loss) on disposal of discontinued operations	-	-	9.6	9.6
Tax expense / (Credit) of discontinued operations	-	-	0.1	0.2
Net Profit / (Loss) for the period from Discontinued operations	-	-	11.6	12.5
Net Profit / (Loss) for the period	(40.0)	(43.9)	(28.6)	(135.2)
Other Comprehensive income				
A.(i) Items that will not be reclassified to profit or loss	-	(1.4)	-	(1.4)
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-
B.(i) Items that will be reclassified to profit or loss	(0.1)	(0.3)	3.3	5.4
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-
Total other comprehensive income, net of income tax	(0.1)	(1.7)	3.3	4.0
Total comprehensive income for the period	(40.1)	(45.6)	(25.3)	(131.2)
Basic EPS (Not annualised) Rs/share for discontinued & continuing operations	(1.2)	(1.3)	(0.9)	(4.1)

CONSOLIDATED SEGMENT INFORMATION
Rs crores

	Three Months ended			Year Ended
	30.06.2019	31.03.2019	30.06.2018	31.03.2019
	Unaudited	Audited	Unaudited	Audited
Segment Revenue				
- Hardware Products and Solutions	38.6	30.1	38.3	134.5
- Services	104.2	141.6	144.1	540.0
- Distribution	538.1	845.0	985.8	3,722.2
- Learning	0.2	3.0	0.6	10.5
Total	681.2	1,019.7	1,168.8	4,407.2
Less : Intersegment revenue	0.3	9.2	1.1	14.9
Net Sales / Income	680.9	1,010.5	1,167.7	4,392.3
Segment Results (Profit / (Loss) before Tax and Interest from each segment)				
- Hardware Products and Solutions	(13.1)	(38.1)	(11.1)	(73.0)
- Services	1.4	13.8	16.6	42.6
- Distribution	(5.6)	3.2	1.0	13.5
- Learning	1.6	4.3	(0.4)	10.6
Total	(15.7)	(16.8)	6.1	(6.4)
Less :				-
i) Interest Expense	26.8	27.4	34.4	124.3
ii) Other un-allocable expenditure net off un-allocable (income)	(2.8)	(4.7)	(0.5)	(3.9)
Total Profit / (Loss) before Tax	(39.7)	(39.5)	(27.8)	(126.8)
Segment Assets				
- Hardware Products and Solutions	556.3	581.7	871.9	581.7
- Services	238.0	236.9	205.9	236.9
- Distribution	801.8	694.7	989.7	694.7
- Learning	2.7	3.1	6.9	3.1
- Unallocated	441.1	481.0	583.0	481.0
Total Assets	2,039.8	1,997.4	2,657.3	1,997.4
Segment Liabilities				
- Hardware Products and Solutions	364.3	383.0	556.5	383.0
- Services	82.5	79.6	81.4	79.6
- Distribution	521.5	503.3	621.9	503.3
- Learning	5.6	6.2	10.4	6.2
- Unallocated	1,002.0	921.1	1,176.9	921.1
Total Liabilities	1,975.8	1,893.2	2,447.2	1,893.2