

Statement of Consolidated Results for the year ended March 31, 2017

(Rs. In Lakhs)

Particulars	Consolidated					
	Unaudited			Audited		
	Three months ended			Year ended (Twelve Months)	Nine Months period Ended	
	31.03.2017	31.12.2016	31.03.2016	31.03.2017	31.03.2016	
1 Income						
Revenue From Operations	82,306	76,464	1,06,913	3,73,753	3,65,623	
Other Income	3,335	3,646	5,164	14,568	13,615	
Total Income	85,641	80,110	1,12,077	3,88,321	3,79,238	
2 Expenses						
(a) Cost of materials consumed	20	13	8	79	8	
(b) Purchase of stock-in-trade	53,282	50,496	73,620	2,50,724	2,60,636	
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	675	182	2,629	5,713	4,113	
(d) Employee benefits expense	12,225	12,859	14,611	54,135	45,826	
(e) Finance costs	4,887	4,920	4,665	19,029	12,569	
(f) Depreciation and amortisation expense	894	1,185	990	3,919	3,198	
(g) Other expenses	20,751	17,036	22,674	77,889	68,074	
Total expenses	92,734	86,691	1,19,197	4,11,488	3,94,424	
3 Profit / (Loss) before exceptional items and Tax (1 - 2)	(7,093)	(6,581)	(7,120)	(23,167)	(15,186)	
4 Exceptional Items Loss / (Gain)	6,100	-	7,108	6,100	6,722	
5 Profit / (Loss) before tax (3 - 4)	(13,193)	(6,581)	(14,228)	(29,267)	(21,908)	
6 Tax expense / (Credit)						
(a) Current tax	766	156	119	1,131	889	
(b) Deferred tax	(1,548)	(1,664)	1,115	(5,631)	(1,367)	
7 Net Profit / (Loss) for the period (5 + 6)	(12,411)	(5,073)	(15,462)	(24,767)	(21,430)	
8 Other comprehensive income						
A (i) Items that will not be reclassified to profit or loss	85	2	4	91	11	
(ii) Income tax relating to items that will not be reclassified to profit or loss	12	1	1	14	3	
B (i) Items that will be reclassified to profit or loss	(226)	(350)	114	(761)	494	
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	
Total other comprehensive income, net of income tax	(153)	(349)	117	(684)	502	
9 Total comprehensive income for the period (7 + 8)	(12,564)	(5,422)	(15,345)	(25,451)	(20,928)	
10 Net Profit/(Loss) attributable to:						
- Shareholders	(12,411)	(5,073)	(15,462)	(24,767)	(21,430)	
- Non-controlling interests	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	
Total comprehensive income attributable to:						
- Shareholders	(12,564)	(5,422)	(15,345)	(25,451)	(20,928)	
- Non-controlling interests	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	
11 Paid-up equity share capital (Face value per share in Rs. 2/-)	4,458	4,458	4,458	4,458	4,458	
12 Reserve excluding revaluation reserves as per balance sheet of previous accounting year				50,484	75,935	
13 Earnings per share (of Rs 2/- each) (not annualised):						
(a) Basic	(5.6)	(2.3)	(6.9)	(11.1)	(9.6)	
(b) Diluted	(5.6)	(2.3)	(6.9)	(11.1)	(9.6)	

Statement of Consolidated Assets and Liabilities

(Rs. In Lakhs)

Particulars	Consolidated	
	Audited as at 31.03.2017	Audited as at 31.03.2016
ASSETS		
Non-Current Assets		
Property, plant and equipment	11,570	13,106
Capital work-in-progress	142	201
Goodwill	50,424	56,771
Other intangible assets	1,838	2,872
Intangible assets under development	315	216
Financial Assets		
i. Other Financial Assets	4,139	9,261
Deferred tax assets (net)	16,543	10,964
Advance Income Tax Asset (net)	16,054	11,184
Other non-current assets	13,362	13,023
Total non-current assets	1,14,387	1,17,598
Current assets		
Inventories	14,131	21,420
Financial assets		
i. Investments	12,087	5,016
ii. Trade receivables	1,29,273	1,55,042
iii. Cash and cash equivalents	13,809	19,891
iv. Bank balances other than (iii) above	5,533	1,922
v. Loans	60	120
vi. Other Financial Assets	18,756	26,530
Other current assets	10,367	9,101
Total current assets	2,04,016	2,39,042
Total assets	3,18,403	3,56,640
EQUITY AND LIABILITIES		
Equity		
Equity share capital	4,458	4,458
Other Equity	50,484	75,935
Non-controlling interests	(0.00)	(0.00)
Total Equity	54,942	80,393
LIABILITIES		
Non-current liabilities		
Financial liabilities		
i. Borrowings	41,316	52,822
ii. Other financial liabilities	-	1,445
Provisions	1,871	1,983
Deferred tax liabilities (net)	35	73
Other non-current liabilities	69	256
Total non-current liabilities	43,291	56,579
Current liabilities		
Financial liabilities		
i. Borrowings	57,684	45,363
ii. Trade payables	72,322	80,031
iii. Other financial liabilities	42,663	35,862
Other current liabilities	34,475	45,558
Provisions	12,566	12,754
Current tax liabilities (net)	460	100
Total current liabilities	2,20,170	2,19,668
Total liabilities	2,63,461	2,76,247
Total equity and liabilities	3,18,403	3,56,640

Segment-wise Information

Particulars	Unaudited			Audited	
	Three months ended			Year ended (Twelve Months) 31.03.2017	Nine Months period Ended 31.03.2016
	31.03.2017	31.12.2016	31.03.2016		
1. Segment Revenue					
-Hardware Products and Solutions (Net)	10,228	6,010	8,343	36,161	35,730
- Services (Net)	22,917	23,532	23,933	94,583	74,135
- Distribution	50,394	47,581	76,442	2,47,004	2,60,912
- Learning	239	266	474	1,329	1,651
Total	83,778	77,389	1,09,192	3,79,077	3,72,428
Less : Intersegment revenue	1,472	925	2,279	5,324	6,805
Net Sales / Income from Operations	82,306	76,464	1,06,913	3,73,753	3,65,623
2. Segment Results (Profit / (Loss) before Tax and Interest from each segment)					
- Hardware Products and Solutions	(2,005)	(1,014)	(1,227)	(569)	263
- Services	(5,736)	(952)	(1,623)	(10,208)	(3,984)
- Distribution	47	-	221	710	644
- Learning	(1,475)	(165)	(7,312)	(1,885)	(7,907)
Total	(9,169)	(2,131)	(9,941)	(11,952)	(10,984)
Less :					
i) Interest Expense	4,887	4,920	4,665	19,029	12,569
ii) Other un-allocable expenditure net off un-allocable (income)	(863)	(470)	(378)	(1,714)	(1,645)
Total Profit / (Loss) before Tax	(13,193)	(6,581)	(14,228)	(29,267)	(21,908)
3. Segment Assets					
- Hardware Products and Solutions	1,23,850	1,28,713	1,54,891	1,23,850	1,54,891
- Services	74,053	89,978	94,711	74,053	94,711
- Distribution	44,204	38,883	49,128	44,204	49,128
- Learning	7,435	10,198	14,248	7,435	14,248
Unallocated					
- Liquid Assets	12,087	12,076	5,016	12,087	5,016
- Others unallocated	56,774	64,544	38,646	56,774	38,646
Total Assets	3,18,403	3,44,392	3,56,640	3,18,403	3,56,640
4. Segment Liabilities					
- Hardware Products and Solutions	58,537	57,180	70,851	58,537	70,851
- Services	22,215	23,025	21,550	22,215	21,550
- Distribution	42,739	34,784	47,076	42,739	47,076
- Learning	1,639	1,786	2,140	1,639	2,140
Unallocated					
- Others unallocated	1,38,331	1,60,113	1,34,630	1,38,331	1,34,630
Total Segment Liabilities	2,63,461	2,76,888	2,76,247	2,63,461	2,76,247

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 30, 2017. The results for year ended March 31, 2017 have been audited by the statutory auditors.
- The Indian Accounting Standards (Ind-AS), as notified under the Companies (Indian Accounting Standards) Rules, 2015, are applicable to HCL Infosystems Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the accounting period commencing on or after April 1, 2016. According to Ind AS 101 "First time adoption of the Indian Accounting Standards", the transition date for adoption of Ind AS by the Group is July 1, 2015 and hence, the Group has adopted the notified Ind AS effective the transition date.
- Subsequent to the year-end, the Board of Directors of HCL Learning Limited (the wholly owned subsidiary), in its meeting held on April 27, 2017, approved the slump sale of Digischool Business undertaking (consisting of business of sale of software licenses to K-12 schools), as a going concern to M/s. Everest Edusys and Solutions Private Limited (the "Entity"). Pursuant to this, HCL Learning Limited has entered into a business transfer arrangement with the entity, for transfer of Digischool Business undertaking for a consideration, comprising of Rs.20 Crores in a combination of Cash and Secured Optionally Convertible Debentures and 4,056,738 Equity Shares in the entity (i.e. the combined entity, after transfer of Digischool business undertaking). The closure of slump sale transaction is subject to certain conditions listed out in the Business Transfer Agreement. Subsequent to the closure of the said acquisition, M/s. Everest Edusys and Solutions Private Limited would become an Associate Company of HCL Learning Limited.
- As required under Section 2(41) of the Companies Act, 2013, during the previous period, the Company and its subsidiaries have changed its accounting period from July – June to April – March. Therefore, previous year results for period ended March 31, 2016 are for nine months as against twelve months for the year ended March 31, 2017 in current year, hence are not comparable.
- Exceptional items include :

Particulars	Unaudited			Audited	
	Three months ended			Year ended (Twelve Months) 31.03.2017	Nine Months period Ended 31.03.2016
	31.03.2017	31.12.2016	31.03.2016		
a. (Profit) / Loss on sale of properties	-	-	108	-	(278)
b. Impairment of Goodwill (Refer note 6)	6,100	-	7,000	6,100	7,000
Total (a+b) - (Gain) / Loss	6,100	-	7,108	6,100	6,722

6 Exceptional items for the year and quarter ended March 31, 2017 include impairment charge of Rs. 11 crores (year and quarter ended March 31, 2016: Rs. 70 Crores) and Rs. 50 crores (year and quarter ended March 31, 2016: NIL) for Learning and Services businesses respectively. Impairment in respect to Learning business has been recognised considering the impending transaction of sale of Digischool business undertaking as mentioned in Note 3 above. In respect of Services business, the Company has taken an impairment charge of Rs. 50 crores considering its past business performance in the markets where it operates, changes in the market dynamics, current business strategy and focus areas for the future years.

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

8 The amounts for the quarter ended March 31, 2017 represent difference between the amounts as per audited year end accounts and the year to date results upto December 31, 2016 which have been subjected to limited review.

9 The reconciliation of net profit or loss reported in accordance with Indian GAAP to total

comprehensive income in accordance with Ind AS is given below:

Particulars	Unaudited	Audited
	Three Months Ended	Nine Months Period Ended
	31.03.2016	31.03.2016
Net (Loss) as per Indian GAAP	(13,949)	(25,444)
Add / (Less) : Adjustments		
Impact on account of measurement of revenue at fair value	(3,450)	(5,822)
Recognition of Expected Credit Loss	320	180
Recognition / reversal of deferred tax Assests	(1,346)	608
Unwinding of discounted receivables	2,908	8,811
Others	55	237
Net (Loss) as per Ind AS	(15,462)	(21,430)
Other comprehensive income	117	502
Total comprehensive income	(15,345)	(20,928)

10 The reconciliation of Equity reported in accordance with Indian GAAP to Equity in accordance with Ind AS is given below:

Particulars	Audited
	As at
	31.03.2016
Equity as per Indian GAAP	1,00,804
Add / (Less) : Adjustments	
Impact on account of measurement of revenue at fair value	(32,428)
Recognition of Expected Credit Loss	(4,577)
Recognition / reversal of deferred tax	7,359
Unwinding of discounted receivables	8,811
Others	424
Equity as per Ind AS	80,393

11 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