

**HCL INFOSYSTEMS LIMITED**  
**Unaudited Standalone Financial Results for the quarter ended June 30, 2020**  
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**Standalone Statement of Profit and Loss for the quarter ended June 30, 2020 (Rs. In Lakhs)**

Particulars	Standalone			
	Three months ended		Year ended	
	30.06.2020	31.03.2020	30.06.2019	31.03.2020
	Unaudited	Audited	Unaudited	Audited
<b>1 Income</b>				
Revenue from operations	7,118	18,736	53,086	164,813
Other income	370	191	1,054	2,965
<b>Total Income</b>	<b>7,488</b>	<b>18,927</b>	<b>54,140</b>	<b>167,778</b>
<b>2 Expenses</b>				
(a) Purchase of stock-in-trade	6,104	17,768	50,721	154,799
(b) Changes in inventories of finished goods and stock-in-trade	804	2,332	569	6,105
(c) Employee benefits expense	1,016	1,399	1,350	5,654
(d) Finance costs	1,500	1,725	2,385	8,427
(e) Depreciation and amortisation expense	130	147	225	741
(f) Other expenses	1,071	1,915	1,650	7,370
<b>Total expenses</b>	<b>10,625</b>	<b>25,286</b>	<b>56,900</b>	<b>183,096</b>
<b>3 Loss before exceptional items and tax (1 - 2)</b>	<b>(3,137)</b>	<b>(6,359)</b>	<b>(2,760)</b>	<b>(15,318)</b>
4 Exceptional Items loss (Refer note 2)	(342)	(4,072)	(733)	(10,171)
<b>5 Loss before tax (3 + 4)</b>	<b>(3,479)</b>	<b>(10,431)</b>	<b>(3,493)</b>	<b>(25,489)</b>
6 Tax expense				
(a) Current tax	-	-	-	-
(b) Deferred tax expense	-	-	-	6,355
<b>7 Loss for the period (5 - 6)</b>	<b>(3,479)</b>	<b>(10,431)</b>	<b>(3,493)</b>	<b>(31,844)</b>
8 Other comprehensive income				
A (i) Items that will not be reclassified to profit or loss	-	(21)	-	(21)
(ii) Income tax relating to items that will not be reclassified to profit	-	-	-	-
B (i) Items that will be reclassified to profit or loss	-	-	-	-
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-
<b>Total other comprehensive income, net of income tax</b>	<b>-</b>	<b>(21)</b>	<b>-</b>	<b>(21)</b>
<b>9 Total comprehensive income for the period (7 + 8)</b>	<b>(3,479)</b>	<b>(10,452)</b>	<b>(3,493)</b>	<b>(31,865)</b>
10 Paid-up equity share capital (Face value per share in Rs. 2/-)	6,584	6,584	6,584	6,584
11 Reserve as per balance sheet of previous accounting year				(10,566)
12 Earnings per share (of Rs 2/- each) (not annualised):				
(a) Basic	(1.06)	(3.17)	(1.06)	(9.67)
(b) Diluted	(1.06)	(3.17)	(1.06)	(9.67)

**Notes**

1. 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 August 06, 2020. The results have been subjected to a limited review by the statutory auditors.

2. Exceptional items include :

Particulars	(Rs. In Lakhs)			
	Three months ended		Year ended	
	30.06.2020	31.03.2020	30.06.2019	31.03.2020
	Unaudited	Audited	Unaudited	Audited
a. Profit on sale of properties*	-	-	624	1,565
b. Provision against loan given to subsidiary	(342)	(4,072)	(1,357)	(11,736)
<b>Total loss-(a+b)</b>	<b>(342)</b>	<b>(4,072)</b>	<b>(733)</b>	<b>(10,171)</b>

\* Amount of Rs.1,565 lakhs (30.06.2019 - Rs. 624 lakhs) for year ended 31.03.2020 represents profit on sale of properties situated at Plot No. 10, CTS No. 86 Lohegaon, Viman Nagar, Pune and G-8,9,10, Sector 3, and B-13,14 Sector 8, Noida location under property monetization plan, under which agreement to sale was approved by the Board of Directors on 13.05.2019 and 20.05.2019 respectively.

3. As at June 30, 2020, the Company has accumulated losses and its net worth has been fully eroded, the Company has a net loss during the current period and previous year and the Company's current liabilities exceeded its current assets by Rs. 30,364 lakhs (March 31, 2020 Rs. 34,488 lakhs) as at June 30, 2020. The losses are primarily as a result of delayed receipts on certain system integration contracts, certain historical low margin contracts, slow-down of distribution businesses and finance costs. The Company's management is pursuing strategies which include scale down of loss-making businesses like scaling down of the distribution business (refer note 4), sale of certain non-core properties and reduction in outstanding debts. To ensure the necessary financial support for its operations the Board of Directors of HCL Corporation Private Limited has issued a support letter (in the form of corporate guarantee or unsecured loan) to the Company to the extent of Rs. 50,000 lakhs. Considering the above support, the Company's management and the Board of Directors have a reasonable expectation that the Company will be able to realise its assets and discharge its contractual obligations and liabilities as they fall due in the near future in the normal course of business. Accordingly, the standalone financial results have been prepared on a going concern basis.

4. In view of the current financial stress faced by the Enterprise and Consumer Distribution businesses resulting in decline in sales and increase in losses, the Board of Directors had appointed a reputed independent consulting firm to review these businesses. Based on the report of the consulting firm and the inputs of the management team, the Board of Directors in their meeting dated January 27, 2020 decided that because of low margin contracts, tough market conditions and the current financial position of the Company, the Distribution businesses of the Company were not financially sustainable. Consequently, the Board of Directors recommended that in order to limit future financial losses, the Enterprise and Consumer Distribution Business be gradually scaled down over the next few quarters.

5. Management believes that it has taken into account all the possible impacts of known events arising from COVID-19 pandemic in the preparation of these financial results. In evaluating the impact of COVID-19 on the Company's ability to continue as a going concern, the management has assessed the impact on its business and the carrying value of its major assets comprising of property, plant and equipment, trade receivables and other receivable balances. The impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and actual results may differ materially from these estimates. The Company will continue to monitor any material changes to future economic conditions and any significant impact of these changes would be recognized in the financial results as and when these material changes to economic conditions arise.
6. The Board of Directors of HCL Infosystems Limited in its meeting held on August 06, 2019 had approved to sell the entire shareholding held by HCL Learning Limited (a Subsidiary of HCL Infosystems Limited) in HCL Insys Pte Ltd, Singapore (step subsidiary) after the transfer of the trading business and the subsidiary Nurture Technologies FZE to HCL Investments Pte Ltd (subsidiary of HCL Infotech Limited). The sale was made to PCCW Solutions Ltd for a total consideration of Rs.30,335 lakhs. The transaction was completed on November 15, 2019.
7. The Board of Directors of HCL Infosystems Limited, in its meeting held on August 06, 2020, approved the merger of HCL Learning Limited and Digilife Distribution and Marketing Services Limited (DDMS), wholly owned subsidiaries of the Company, with HCL Infosystems Limited. The proposed merger is for the purpose of simplifying the group structure. As part of the ongoing rationalization of the business, the learning business and the distribution business are being scaled down. As a result, separate entities for these businesses, i.e. HCL Learning Limited for learning business and DDMS for distribution business, are no longer required. The proposed merger is subject to approval of the shareholders of HCL Infosystems Limited and such other regulatory approvals as may be required in this regard.  
Since, the aforesaid Scheme is subject to approval from concerned regulatory authorities which is considered to be substantive, the accounting effect of the above Scheme has not been considered in these financial results
8. In accordance with the divestment strategy of the Company, the Board of Directors in its meeting held on August 06, 2020 approved the sale/ surrender of immovable properties of HCL Infosystems Limited. The sale/ surrender will take place as and when an appropriate buyer is identified. These properties are lying vacant/ partially vacant, as the Company is not utilizing/ fully utilizing these properties after scale down of its operations and change in its business requirements, though the Company continues to incur cost on maintenance of these properties. The proceeds from the sale/ surrender of these properties will be used to pay off part of the Company's debts and thereby to reduce its finance cost. The proposed sales(s) are subject to approval of the shareholders and lenders and such other approval as may be required in this regard.
9. Financial results for all the periods presented have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable.

By order of the Board  
for HCL Infosystems Limited

Nikhil Sinha  
Chairman

Place : Noida  
Date : August 06, 2020