

HCL Infosystems registers Rs. 15.54 Crore revenue with operating loss of Rs. 20.78 Crore in Q2' FY22

November 02, 2021, New Delhi

Q2' FY22 Business Highlights:

- **Q2' FY22** revenue was Rs. 15.54 Crore
- Systems Integration and Solutions business reported revenue of Rs. 14.89 Crore
- **Loss Before Tax and exceptional items was Rs. 20.78 Crore**
- Exceptional non-recurring gain during this quarter on account of:
 - Profit on sale of properties was Rs. 33.85 Crore.
- Profit Before Tax after considering exceptional items Rs. 13.07 Crore

HCL Infosystems today announced its financial results for the quarter ended September 30th, 2021.

Mr. Raj Sachdeva, Manager of HCL Infosystems Ltd, commenting on the results' said, *"During the quarter, the Company continued to focus on initiatives like monetization of properties and along with realization of tax refunds to help in reduction of debt and losses."*

In the System Integration and Solution business, we continued to focus on deliverables of existing projects and collection of receivables from customers.

Company Update

Divestment of HCL Infotech Ltd.

The Board of Directors of HCL Infosystems Limited in its meeting held on February 10, 2021 had approved to sell the entire shareholding held by HCL Infosystems Limited in HCL Infotech Limited at "Net Asset Value" as on closing date, after acquiring the undertaking which shall comprise of the business relating to specific projects through a business transfer agreement, certain other assets and liabilities through assignment deed and HCL Investments Pte., Singapore & it's step down subsidiary through a share purchase agreement. The sale will be made to Novezo Consulting Pvt. Ltd based on the terms and conditions as specified in share purchase agreement dated February 10, 2021.

One of the customers of our key defense project which is forming part of the transaction has asked HCL to novate the project to either HCL Infosystems Limited or a third-party service provider acceptable to the customer, instead of transferring the said agreement as part of HCL Infotech sale. We are currently in discussion with the customer and some of the prospective third-party service provider. This transaction is likely to take longer than expected with a change in terms, which will require ratification from shareholders.

MSP Contract with Unique Identification Authority of India (UIDAI)

One of the large projects of the Company, as Managed Service Provider (“MSP”) with the Unique Identification Authority of India (‘UIDAI’) and ad hoc arrangements with UIDAI thereafter, ended on 6 April 2021 and annual maintenance contracts (“AMC”) and software licences to UIDAI ended on 6 August 2021.

Restructuring of the Company

The Board of Directors of HCL Infosystems Limited in its meeting held on August 6th, 2020 had approved the merger. The Company had filed a petition with the National Company Law Tribunal on September 21st, 2020 for approval of the proposed merger of HCL Learning Limited and Digilife Distribution and Marketing Services Limited (DDMS) with HCL Infosystems Limited. HCL Learning and DDMS are wholly owned subsidiaries of the Company.

Pursuant to the directions of the Hon’ble NCLT, a meeting of the Equity Shareholders and Unsecured Creditors of the Company will be held on 30th November, 2021 for the purpose of approving the proposed merger.

Divestment of Property

In order to reduce Company's debt obligations, the Company has decided to monetize Company owned properties in a phased manner. Several of Company's properties are not being fully utilized due to changes in the business of the Company. The Company has sold two properties during the quarter for a total consideration of Rs 45.84 Crores. During the current year, the Company has sold five properties for a total consideration of Rs. 121.94 Crores. The Company is actively looking for buyers to monetize other properties.

Income tax refund

During the quarter, the Company has received Income Tax refund of Rs. 8.68 Crores including interest of Rs. 0.88 Crores. The total amount received during current financial year till October 2021 is Rs. 104.95 Crores including interest of Rs. 14.95 Crores.

About HCL Infosystems

HCL Infosystems is an IT System Integration and Solutions company. For more information, please visit us at www.hclinfosystems.in.

Media Contact Information	
HCL Infosystems	cosec@hcl.com

Consolidated Results

(Rs. In Crores)

	Three months ended			Year ended
	30.09.2021	30.06.2021	30.09.2020	31.03.2021
	Unaudited	Unaudited	Unaudited	Audited
Income				
Revenue from operations	15.5	27.6	131.6	352.8
Other income	18.9	8.2	11.0	113.3
Total Income	34.5	35.8	142.5	466.0
Expenses				
Purchase of stock-in-trade	0.7	4.5	103.5	181.2
Changes in inventories of finished goods and stock-in-trade	2.5	(1.8)	7.2	25.1
Other direct expense	15.0	13.8	47.2	118.1
Employee benefits expense	6.2	9.0	21.9	80.5
Finance costs	3.1	5.6	15.3	52.4
Depreciation and amortisation expense	0.5	0.6	1.2	4.3
Other expenses	27.2	25.5	30.1	199.2
Total expenses	55.2	57.2	226.3	660.8
Loss before exceptional items and tax from continuing operations	(20.8)	(21.5)	(83.7)	(194.8)
Exceptional Items (loss) / gain	33.9	62.0	-	-
Loss before tax from continuing operations	13.2	40.6	(83.7)	(194.8)
Tax expense / (credit)				
(a) Current tax	-	-	-	2.0
(b) Deferred tax expense	-	-	-	-
Net Loss for the period from continuing operations	13.2	40.6	(83.7)	(196.7)
Profit / (loss) before tax from discontinued operations	-	-	-	-
Profit / (loss) on disposal of discontinued operations	-	-	-	-
Tax expense / (credit) of discontinued operations	-	-	-	-
Net Profit / (loss) for the period from discontinued operations	-	-	-	-
Net Loss for the period	13.2	40.6	(83.7)	(196.7)
Other comprehensive income				
A (i) Items that will not be reclassified to profit and loss	-	-	-	(0.2)
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-
B (i) Items that will be reclassified to profit and loss	0.4	0.2	0.2	(1.0)
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-
Total other comprehensive income, net of income tax	0.4	0.2	0.2	(1.2)
Total comprehensive income for the period	13.5	40.8	(83.6)	(197.9)
Basic EPS (Not annualised) Rs/share for discontinued & continuing operations	0.40	1.23	(2.54)	(5.98)

CONSOLIDATED SEGMENT INFORMATION

(Rs. In Crores)

Particulars	Three months ended			Year ended
	30.09.2021 Unaudited	30.06.2021 Unaudited	30.09.2020 Unaudited	31.03.2021 Audited
Segment Revenue				
- Hardware Products and Solutions	14.9	24.6	24.2	135.4
- Distribution	0.7	3.0	107.4	217.4
- Learning	-	-	-	-
Total	15.5	27.6	131.6	352.8
Less : Intersegment revenue	-	-	-	-
Net Sales / Income	15.5	27.6	131.6	352.8
Segment results (profit / (loss) before tax and Interest from each segment)				
- Hardware Products and Solutions	(11.2)	(8.5)	(41.5)	(82.2)
- Distribution	1.5	(1.1)	(19.9)	(34.4)
- Learning	(0.2)	(0.0)	(0.2)	1.2
Total	(9.9)	(9.6)	(61.5)	(115.4)
Less :				
i) Interest expense	3.1	5.6	15.3	52.4
ii) Other un-allocable expenditure net off un-allocable (income)	(26.1)	(55.9)	6.9	27.0
Total Profit / (Loss) before tax	13.1	40.6	(83.7)	(194.8)
Segment Assets				
- Hardware Products and Solutions	200.7	221.6	381.9	281.6
- Distribution	124.7	133.6	215.2	141.0
- Learning	0.9	1.3	2.3	1.9
- Unallocated	273.1	295.2	279.8	224.7
Total Assets	599.3	651.7	879.2	649.2
Segment Liabilities				
- Hardware Products and Solutions	252.0	271.7	329.5	264.9
- Distribution	31.5	33.1	117.2	42.0
- Learning	1.3	1.3	4.0	1.3
- Unallocated	500.3	544.8	590.9	581.1
Total Liabilities	785.1	851.0	1,041.6	889.3

(Rs. In Crores)

Consolidated Balance Sheet

Particulars	As at 30.09.2021 (Unaudited)	As at 31.03.2021 (Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	12.86	35.18
Right of use assets	0.17	0.28
Capital work-in-progress	0.05	0.16
Other intangible assets	0.06	0.08
Financial assets		
i. Other financial assets	25.88	39.70
Advance income tax asset (net)	47.23	86.41
Other non-current assets	163.66	175.80
Total non-current assets	249.9	337.6
Current assets		
Inventories	2.19	2.84
Financial assets		
i. Trade receivables	62.48	86.86
ii. Cash and cash equivalents	67.40	38.82
iii. Bank balances other than (ii) above	58.87	5.67
iv. Other financial assets	7.45	11.37
Other current assets	139.96	151.00
Assets held for sale	10.99	15.05
Total current assets	349.34	311.61
Total assets	599.3	649.2
EQUITY AND LIABILITIES		
Equity		
Equity share capital	65.8	65.8
Other equity	(251.7)	(305.9)
Non-controlling interests	(0.0)	(0.0)
Total equity	(185.9)	(240.1)
LIABILITIES		
Non-current liabilities		
Financial liabilities		
i. Borrowings	37.0	59.0
ii. Lease obligation	0.2	0.3
Provisions	1.8	2.1
Deferred tax liabilities (net)	-	-
Total non-current liabilities	39.0	61.4
Current liabilities		
Financial liabilities		
i. Borrowings	407.2	478.2
ii. Trade payables	108.6	135.1
iii. Other financial liabilities	11.2	18.3
Other current liabilities	177.0	142.8
Provisions	42.0	53.4
Current tax liabilities (net)	-	-
Total current liabilities	746.1	827.9
Total liabilities	785.1	889.3
Total equity and liabilities	599.3	649.2