

Consolidated Statement of Profit and Loss for the quarter and six months ended September 30, 2021

(Rs. In Lakhs)

Particulars	Consolidated					
	Three months ended			Year to date		Year end
	30.09.2021	30.06.2021	30.09.2020	30.09.2021	30.09.2020	31.03.2021
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1 Income						
Revenue from operations	1,554	2,761	13,157	4,315	23,726	35,275
Other income	1,891	818	1,097	2,709	2,040	11,327
Total Income	3,445	3,579	14,254	7,024	25,766	46,602
2 Expenses						
(a) Cost of materials consumed	-	-	-	-	-	-
(b) Purchase of stock-in-trade	68	454	10,348	522	16,482	18,124
(c) Changes in inventories of finished goods and stock-in-trade	245	(180)	719	65	1,307	2,507
(d) Other direct expense	1,497	1,377	4,716	2,874	7,009	11,814
(e) Employee benefits expense	624	901	2,191	1,525	4,598	8,049
(f) Finance costs	313	563	1,525	876	3,109	5,235
(g) Depreciation and amortisation expense	54	55	116	109	254	427
(h) Other expenses	2,722	2,554	3,010	5,276	5,064	19,921
Total expenses	5,523	5,724	22,625	11,247	37,823	66,077
3 Loss before exceptional items and tax from continuing operations (1 - 2)	(2,078)	(2,145)	(8,371)	(4,223)	(12,057)	(19,475)
4 Exceptional items gain (Refer note 3)	3,385	6,203	-	9,588	-	-
5 Profit/(Loss) before tax from continuing operations (3 + 4)	1,307	4,058	(8,371)	5,365	(12,057)	(19,475)
6 Tax expense / (credit)	-	-	-	-	-	198
(a) Current tax	-	-	-	-	-	-
(b) Deferred tax expense	-	-	-	-	-	-
7 Profit/(Loss) for the period from continuing operations (5 - 6)	1,307	4,058	(8,371)	5,365	(12,057)	(19,673)
8 Profit / (loss) before tax from discontinued operations	-	-	-	-	-	-
9 Profit / (loss) on disposal of discontinued operations	-	-	-	-	-	-
10 Tax expense / (credit) of discontinued operations	-	-	-	-	-	-
11 Net Profit / (loss) for the period from discontinued operations (8 + 9 - 10)	-	-	-	-	-	-
12 Net Profit/ (Loss) for the period (7+ 11)	1,307	4,058	(8,371)	5,365	(12,057)	(19,673)
13 Other comprehensive income	-	-	-	-	-	(21)
A (i) Items that will not be reclassified to profit and loss	-	-	-	-	-	-
(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	35	21	16	56	32	(99)
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-
Total other comprehensive income, net of income tax	35	21	16	56	32	(120)
14 Total comprehensive income for the period (12 + 13)	1,342	4,079	(8,355)	5,421	(12,025)	(19,793)
15 Net Profit/(Loss) attributable to:						
- Shareholders	1,307	4,058	(8,371)	5,365	(12,057)	(19,673)
- Non-controlling interests	-	(0)	(0)	(0)	(0)	(0)
Total comprehensive income attributable to:						
- Shareholders	1,342	4,079	(8,355)	5,421	(12,025)	(19,793)
- Non-controlling interests	-	(0)	(0)	(0)	(0)	(0)
16 Paid-up equity share capital (Face value per share in Rs. 2/-)	6,584	6,584	6,584	6,584	6,584	6,584
17 Reserve as per balance sheet of previous accounting year	-	-	-	(25,170)	-	(30,591)
18 Earnings per share for continuing operations (of Rs 2/- each) (not annualised):						
(a) Basic	0.40	1.23	(2.54)	1.63	(3.66)	(5.98)
(b) Diluted	0.40	1.23	(2.54)	1.63	(3.66)	(5.98)
19 Earnings per share for discontinued operations (of Rs 2/- each) (not annualised):						
(a) Basic	-	-	-	-	-	-
(b) Diluted	-	-	-	-	-	-
20 Earnings per share for discontinued & continuing operations (of Rs 2/- each) (not annualised):						
(a) Basic	0.40	1.23	(2.54)	1.63	(3.66)	(5.98)
(b) Diluted	0.40	1.23	(2.54)	1.63	(3.66)	(5.98)

Consolidated Balance Sheet

(Rs. In Lakhs)

Particulars	Consolidated	
	As at 30.09.2021	As at 31.03.2021
	(Unaudited)	(Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	1,286	3,518
Right of use assets	17	28
Capital work-in-progress	5	16
Other intangible assets	6	8
Financial assets		
i. Other financial assets	2,588	3,970
Advance income tax asset (net)	4,723	8,641
Other non-current assets	16,366	17,580
Total non-current assets	24,991	33,761
Current assets		
Inventories	219	284
Financial assets		
i. Trade receivables	6,248	8,686
ii. Cash and cash equivalents	6,740	3,882
iii. Bank balances other than (ii) above	5,887	567
iv. Other financial assets	745	1,137
Other current assets	13,996	15,100
Assets held for sale	1,099	1,505
Total Current Assets	34,934	31,161
Total assets	59,925	64,922
EQUITY AND LIABILITIES		
Equity		
Equity share capital	6,584	6,584
Other equity	(25,170)	(30,591)
Non-controlling interests	(0)	(0)
Total equity	(18,686)	(24,007)
LIABILITIES		
Non-current liabilities		
Financial liabilities		
i. Borrowings	3,703	5,903
ii. Lease obligation	17	28
Provisions	184	212
Deferred tax liabilities (net)	-	-
Total non-current liabilities	3,904	6,143
Current liabilities		
Financial liabilities		
i. Borrowings	40,723	47,822
ii. Trade payables	10,861	13,510
iii. Other financial liabilities	1,115	1,834
Other current liabilities	17,704	14,277
Provisions	4,204	5,343
Current tax liabilities (net)	-	-
Total current liabilities	74,607	82,786
Total liabilities	78,511	88,929
Total equity and liabilities	59,925	64,922

Segment-wise information

Particulars	Three months ended			Year to date		Year end
	30.09.2021	30.06.2021	30.09.2020	30.09.2021	30.09.2020	31.03.2021
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1. Segment Revenue						
- Hardware Products and Solutions	1,489	2,461	2,420	3,950	6,037	13,537
- Distribution	65	300	10,737	365	17,689	21,738
- Learning	-	-	-	-	-	-
Total	1,554	2,761	13,157	4,315	23,726	35,275
Less : Intersegment revenue	-	-	-	-	-	-
Revenue from operations	1,554	2,761	13,157	4,315	23,726	35,275
2. Segment results (profit / (loss) before tax and interest from each segment)						
- Hardware Products and Solutions	(1,117)	(851)	(4,149)	(1,968)	(4,522)	(8,218)
- Distribution	149	(112)	(1,988)	37	(3,266)	(3,439)
- Learning	(177)	(1)	(18)	(18)	(1)	118
Total	(985)	(964)	(6,155)	(1,949)	(7,789)	(11,539)
Less :						
i) Interest expense	313	563	1,525	876	3,109	5,235
ii) Other un-allocable expenditure net off un-allocable (income)	(2,605)	(5,585)	691	(8,190)	1,159	2,701
Total Profit / (Loss) before tax	1,307	4,058	(8,371)	5,365	(12,057)	(19,475)
3. Segment Assets						
- Hardware Products and Solutions	20,067	22,161	38,186	20,067	38,186	28,161
- Distribution	12,465	13,356	21,520	12,465	21,520	14,096
- Learning	86	131	234	86	234	192
- Unallocated	27,307	29,521	27,979	27,307	27,979	22,473
Total Assets	59,925	65,169	87,919	59,925	87,919	64,922
4. Segment Liabilities						
- Hardware Products and Solutions	25,200	27,173	32,946	25,200	32,946	26,486
- Distribution	3,146	3,308	11,724	3,146	11,724	4,204
- Learning	134	133	396	134	396	130
- Unallocated	50,031	54,481	59,092	50,031	59,092	58,109
Total Liabilities	78,511	85,095	1,04,158	78,511	1,04,158	88,929

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 November 02, 2021. The statutory auditors have issued review report with unmodified opinion on these results.

2. As at September 30, 2021, the Group has accumulated losses and its net worth has been fully eroded, though the Group has earned net profit of Rs. 5,365 Lakhs during the period ended September 30, 2021 (March 31, 2021: Rs. net loss of Rs. 19,673 Lakhs) and the Group's current liabilities exceeded its current assets by Rs 39,673 lakhs for the period ended September 30, 2021 (March 31, 2021 - Rs. 51,625 Lakhs). 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 management of HCL Infosystems Limited (Parent Company), is pursuing strategies which include scale down of loss-making businesses like scaling down of the distribution business (refer note 6), sale of certain non-core properties (refer note 4) and reduction in outstanding debts. To ensure the necessary financial support for its operations, the Board of Directors of HCL Corporation Private Limited has approved support in the form of corporate guarantees to banks of INR 25,000 lakh and interest free unsecured loans of INR 35,500 lakh to the Parent Company out of total authorized limit of Rs. 1,50,000 lakhs. This had been approved by the shareholders of the Parent Company, vide their resolution dated September 14, 2017. Considering the above support, the Parent's management and the Board of Directors have a reasonable expectation that the Group 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 consolidated financial results have been prepared on a going concern basis.

3. Exceptional items include :

Particulars	Three months ended			Year to date		Year end
	30.09.2021	30.06.2021	30.09.2020	30.09.2021	30.09.2020	31.03.2021
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Gain on sale of property, plant and equipments (Refer Note No. 4)	3,385	6,203	-	9,588	-	-
Total gain	3,385	6,203	-	9,588	-	-

4. In order to reduce Group's debt obligations, the Group has decided to monetize Group owned properties in a phased manner. Several of Group's properties are not being fully utilized due to changes in the business of the Group, therefore during the quarter ended, June 30, 2021, the Group has disposed three properties located in Mohali, Sector-11 Noida and Sederapet, having net carrying amount of Rs.1,407 Lakhs, for a consideration of Rs. 7,610 Lakhs, resulting an overall gain of Rs. 6,203 Lakhs. (quarter and year ended March 31, 2021: Nil). During the quarter ended September 30, 2021, the Group has disposed two properties located in Hyderabad, having net carrying value Rs 1,202 Lakhs for a consideration of Rs 4,584 Lakhs, resulting an overall gain of Rs 3,385 Lakhs

5. 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. An application was filed before the Hon'ble National Company Law Tribunal (NCLT) at New Delhi Bench on 21 September 2020 for obtaining the sanction of NCLT on the proposed merger. 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. 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.

6. 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 Group, the Distribution businesses of the Group were not financially sustainable. Consequently, the Board recommended that in order to limit future financial losses, the Enterprise and Consumer Distribution Business has been substantially scaled down during the previous financial year.

7. Based on the detailed assessment performed by Management which also included, wherever considered necessary, performing reconciliation with the parties, the Group has credited its Statement of Profit and Loss with Rs.1,321 Lakhs, for the quarter and period ended September 30, 2021 (Nil for the three month ended June 30 2021, Nil for the period ended September 30, 2020 and Rs 7,118.17 Lakhs for the year ended March 2021), on account of write back of certain old payables and provisions.

8. The Group is facing delays in receipts from the customers, primarily in the System Integration Business, due to which the Group has charged Rs. 873.78 Lakhs, in the Statement of Profit and Loss, for the quarter and period ended September 30,2021 (Nil for the three month ended June 30 2021, Nil for the period ended September 30, 2020 and Rs. 9,013.91 Lakhs for the year ended March 2021) on account of provision for certain receivable balances.

9. HCL Infosystems Limited (the Company) was appointed as the Managed Service Provider ("MSP") by Unique Identification Authority of India ("UIDAI") vide the contract dated 6 August 2012 to implement and manage the Central Identities Data Repository (CIDR). The said contract originally ended on 6 August 2019 and then was unilaterally extended by the UIDAI. The Company challenged this unilateral extension of the MSP contract by UIDAI before the Hon'ble Arbitral Tribunal. However, while the arbitration proceedings were pending, the Company was constrained to agree for an adhoc extension for a period of 9 months plus 3 months Knowledge Transfer Period after August 2019. Later, the Company and UIDAI entered into consent terms dated 5 May 2020 (which also formed part of the consent order dated 7 May 2020 passed by the Hon'ble Arbitral Tribunal) and the Company agreed to perform services for UIDAI subject to the terms and conditions of the consent terms. Thereafter, the Hon'ble Arbitral Tribunal on 19 June 2020 passed the liability award wherein it held that the extension of the MSP contract by UIDAI is not valid. As per the consent terms executed between UIDAI and the Company, the Company has completed performance of services as per the terms of the MSP Contract, without prejudice to its rights and contentions in the arbitration proceedings, till 6 April 2021 (including knowledge transfer period of 3 months) and the annual maintenance contract and software licenses for the period till 6 August 2021. As per consent terms signed by the both the parties, the Company raised invoices to UIDAI as per the rates originally agreed in the MSP contract though the Company is entitled to claim market rate for the services provided to UIDAI, the quantum of which shall be decided in the subsequent hearings of the Arbitration proceedings.

Pending determination of the current market value through arbitration, no revenue has been recognized by the Company for the difference in the expected current market value and the existing contract price which will be recognized once the same has been determined by the Hon'ble Arbitral Tribunal in the future. Further, the costs have been recognized based on the revised rates agreed during negotiations with the vendors completed during the previous financial year. This has resulted into recognition of Upfront loss of INR 2,440 lakhs during the previous financial year ended 31 March 2021.

10. 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.

11. The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post – employment benefits has received the Presidential assent in September 2020. The Ministry of Labour and Employment had released draft rules for the Code on November 13, 2020, and had invited suggestions from stakeholders which are under active consideration by the Ministry. However, the effective date from which the changes are applicable is yet to be notified. The Company will evaluate and will give appropriate impact in the financial results in the period in which the Code becomes effective and the related rules are published.

12. 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 two specific projects through a business transfer agreement, certain other assets and liabilities through assignment deed and HCL Investments Pte., Singapore & its step down subsidiary through a share purchase agreement. Unaudited net asset value of HCL Infotech Limited post this carve out, as on September 30, 2020 is Rs 14,700 Lakhs. The sale will be made to Novoz Consulting Pvt. Ltd based on the terms and conditions as specified in share purchase agreement dated February 10, 2021. One of the key customer of the company's defense project, which is forming part of the transaction has asked the company to novate the project to either HCL Infosystems Limited or a third party service provider acceptable to the customer, instead of transferring the said project as part of HCL Infotech Limited sale. The company is currently in discussion with the customer and some of the prospective third party service providers. This transaction is likely to take longer than expected with a change in terms, which will require ratification from shareholders.

13. 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 Group'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 Group 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.

14. Consolidated Results include financial results of HCL Infosystems Limited, HCL Infotech Limited, Digilife Distribution and Marketing Services Limited, HCL Learning Limited, HCL Investment Pte. Limited, Pimpri Chinchwad eServices Limited and Nurture Technologies FZE.

15. A statement of cash flow is attached in Annexure A

for HCL Infosystems Limited

Nikhil Sinha
Chairperson

Place : Noida
Date : November 02, 2021

Consolidated Cash Flow Statement for six months ended September 30, 2021

(Rs. In Lakhs)

Particulars	Year to date		Year ended
	30.09.2021	30.09.2020	31.03.2021
	Unaudited	Unaudited	Audited
Cash Flow from Operating Activities[^]:			
Profit/(Loss) before tax from continuing and discontinued operations	5,365	(12,057)	(19,475)
Adjustments for:			
Depreciation and amortisation expense	109	254	427
Finance cost	876	3,109	5,235
Interest income	(209)	(1,102)	(3,450)
Net profit on sale of property, plant and equipment	(9,608)	(2)	(27)
Property, plant and equipment written-off	-	-	40
Gain on foreign exchange fluctuation	(23)	(24)	17
Provision for doubtful debts	1,409	119	8,895
Provision for doubtful loans and advances and other current assets	509	68	98
Provisions/liabilities no longer required written back	(1,321)	(550)	(7,314)
Provision against Tax debit balances	645	-	2,257
Operating loss before working capital changes	(2,248)	(10,185)	(13,297)
Changes in operating assets and liabilities			
- Decrease in trade receivables	1,029	7,204	9,751
- Decrease in non-current assets	1,366	1,832	3,169
- Decrease in current assets	531	7,239	8,519
- Decrease in inventories	65	1,307	2,507
- Increase / (Decrease) in non current liabilities	(28)	101	(234)
- Increase / (Decrease) in current liabilities	365	(8,688)	(15,497)
Cash flow from / (used in) operations	1,080	(1,190)	(5,082)
- Taxes (paid) / received	3,918	1,212	3,607
Net cash flow from / (used in) operating activities (A)	4,998	22	(1,475)
Cash flow from investing activities[^]:			
Payment for property, plant and equipment (including intangible assets)	(3)	4	(42)
Proceeds from sale of properties	12,164	265	325
Receipt of business consideration on sale of investment in subsidiaries	1,580	-	(5)
Redemption/(Investment) in bank deposits	(5,642)	-	1,603
Movement in margin money account	(28)	(43)	(95)
Interest received	75	162	257
Net cash flow from investing activities (B)	8,147	388	2,043
Cash Flow from Financing Activities[^]:			
Lease obligation paid	(11)	(108)	(133)
Proceeds from loans and borrowings	-	83,092	1,78,179
Repayment of loans and borrowings	(9,299)	(78,698)	(1,74,948)
Interest paid	(979)	(2,933)	(5,268)
Unclaimed deposit / dividend transferred to investor protection fund	-	(47)	(47)
Net cash from/(used in) financing activities (C)	(10,289)	1,306	(2,217)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	2,856	1,716	(1,649)
Opening balance of cash and cash equivalents	3,882	5,526	5,526
Exchange difference on translation of foreign currency cash and cash equivalent	2	12	5
Effect of exchange differences on translation of foreign operations	-	(4)	-
Closing balance of cash and cash equivalents	6,740	7,250	3,882
Cash and cash equivalents comprise of			
Cash, cheques and drafts (on hand)	6	17	5
Balances with banks on current accounts	6,139	7,225	3,868
Balances with banks on deposits accounts	595	8	9