

**HCL INFOSYSTEMS LIMITED**  
**Unaudited Consolidated Financial Results for the quarter and nine months ended December 31, 2021**  
 Regd.Off. 806, Siddharth, 96 Nehru Place, New Delhi 110 019.  
 Corp.Off. A-11, First Floor, Sector -3 Noida, UP 201301.  
 CIN - L72200DL1986PLC023955  
 Phone number +91 120 2520977, 2526518-19 Fax +91 120 2523791  
 Website www.hclinfosystems.in  
 Email ID: cosec@hcl.com

**Consolidated Statement of Profit and Loss for the quarter and nine months ended December 31, 2021**

(Rs. In Lakhs)

| Particulars   | Consolidated       |                |                |                |                 |                 |
|---|--------------------|----------------|----------------|----------------|-----------------|-----------------|
|   | Three months ended |                |                | Year to date   |                 | Year ended      |
|   | 31.12.2021         | 30.09.2021     | 31.12.2020     | 31.12.2021     | 31.12.2020      | 31.03.2021      |
| Unaudited   | Unaudited          | Unaudited      | Unaudited      | Unaudited      | Audited         |                 |
| <b>1 Income</b>   |                    |                |                |                |                 |                 |
| Revenue from operations   | 1,243              | 1,554          | 7,203          | 5,558          | 30,929          | 35,275          |
| Other income  | 243                | 1,891          | 1,431          | 2,952          | 3,471           | 11,327          |
| <b>Total Income</b>   | <b>1,486</b>       | <b>3,445</b>   | <b>8,634</b>   | <b>8,510</b>   | <b>34,400</b>   | <b>46,602</b>   |
| <b>2 Expenses</b>   |                    |                |                |                |                 |                 |
| (a) Cost of materials consumed  | -                  | -              | -              | -              | -               | -               |
| (b) Purchase of stock-in-trade  | 147                | 68             | 1,802          | 669            | 18,284          | 18,124          |
| (c) Changes in inventories of finished goods and stock-in-trade                                   | 3                  | 245            | 987            | 68             | 2,294           | 2,507           |
| (d) Other direct expense  | 562                | 1,497          | 3,295          | 3,436          | 10,304          | 11,814          |
| (e) Employee benefits expense   | 634                | 624            | 1,873          | 2,159          | 6,471           | 8,049           |
| (f) Finance costs   | 262                | 313            | 1,170          | 1,138          | 4,279           | 5,235           |
| (g) Depreciation and amortisation expense   | 20                 | 54             | 93             | 129            | 347             | 427             |
| (h) Legal, professional and consultancy charges   | 828                | 879            | 675            | 2,395          | 2,550           | 3,626           |
| (i) Other expenses  | 502                | 1,843          | 2,171          | 4,211          | 5,360           | 16,295          |
| <b>Total expenses</b>   | <b>2,958</b>       | <b>5,523</b>   | <b>12,066</b>  | <b>14,205</b>  | <b>49,889</b>   | <b>66,077</b>   |
| <b>3 Loss before exceptional items and tax from continuing operations (1 - 2)</b>                 | <b>(1,472)</b>     | <b>(2,078)</b> | <b>(3,432)</b> | <b>(5,695)</b> | <b>(15,489)</b> | <b>(19,475)</b> |
| 4 Exceptional Items Profit (Refer note 3)   | 738                | 3,385          | -              | 10,326         | -               | -               |
| <b>5 Profit / (Loss) before tax from continuing operations (3 + 4)</b>                            | <b>(734)</b>       | <b>1,307</b>   | <b>(3,432)</b> | <b>4,631</b>   | <b>(15,489)</b> | <b>(19,475)</b> |
| 6 Tax expense / (credit)  | -                  | -              | -              | -              | -               | 198             |
| (a) Current tax   | -                  | -              | -              | -              | -               | 198             |
| (b) Deferred tax expense  | -                  | -              | -              | -              | -               | -               |
| <b>7 Profit / (Loss) for the period from continuing operations (5 - 6)</b>                        | <b>(734)</b>       | <b>1,307</b>   | <b>(3,432)</b> | <b>4,631</b>   | <b>(15,489)</b> | <b>(19,673)</b> |
| 8 Profit / (Loss) before tax from discontinued operations   | -                  | -              | -              | -              | -               | -               |
| 9 Profit / (Loss) on disposal of discontinued operations  | -                  | -              | -              | -              | -               | -               |
| 10 Tax expense / (credit) of discontinued operations  | -                  | -              | -              | -              | -               | -               |
| <b>11 Net Profit / (Loss) for the period from discontinued operations (8 + 9 - 10)</b>            | <b>-</b>           | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>        | <b>-</b>        |
| <b>12 Net Profit / (Loss) for the period (7+ 11)</b>  | <b>(734)</b>       | <b>1,307</b>   | <b>(3,432)</b> | <b>4,631</b>   | <b>(15,489)</b> | <b>(19,673)</b> |
| 13 Other comprehensive income   |                    |                |                |                |                 |                 |
| A (i) Items that will not be reclassified to profit and loss                                      | -                  | -              | -              | -              | -               | (21)            |
| (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             | (150)          | 56             | (118)           | (99)            |
| (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>35</b>      | <b>(150)</b>   | <b>56</b>      | <b>(118)</b>    | <b>(120)</b>    |
| <b>14 Total comprehensive income for the period (12 + 13)</b>                                     | <b>(734)</b>       | <b>1,342</b>   | <b>(3,582)</b> | <b>4,687</b>   | <b>(15,607)</b> | <b>(19,793)</b> |
| 15 Net Profit/(Loss) attributable to:   |                    |                |                |                |                 |                 |
| - Shareholders  | (734)              | 1,307          | (3,432)        | 4,631          | (15,489)        | (19,673)        |
| - Non-controlling interests   | -                  | -              | -              | -              | -               | -               |
| Total comprehensive income attributable to:   |                    |                |                |                |                 |                 |
| - Shareholders  | (734)              | 1,342          | (3,582)        | 4,687          | (15,607)        | (19,793)        |
| - Non-controlling interests   | -                  | -              | -              | -              | -               | -               |
| 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                                       | -                  | -              | -              | -              | -               | (30,591)        |
| 18 Earnings per share for continuing operations (of Rs 2/- each) (not annualised):                |                    |                |                |                |                 |                 |
| (a) Basic   | (0.22)             | 0.40           | (1.04)         | 1.41           | (4.70)          | (5.98)          |
| (b) Diluted   | (0.22)             | 0.40           | (1.04)         | 1.41           | (4.70)          | (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   | (0.22)             | 0.40           | (1.05)         | 1.41           | (4.70)          | (5.98)          |
| (b) Diluted   | (0.22)             | 0.40           | (1.05)         | 1.41           | (4.70)          | (5.98)          |

**Segment-wise information**

(Rs. In Lakhs)

| Particulars   | Three months ended |               |                | Year to date  |                 | Year ended      |
|---|--------------------|---------------|----------------|---------------|-----------------|-----------------|
|   | 31.12.2021         | 30.09.2021    | 31.12.2020     | 31.12.2021    | 31.12.2020      | 31.03.2021      |
|   | Unaudited          | Unaudited     | Unaudited      | Unaudited     | Unaudited       | Audited         |
| <b>1. Segment Revenue</b>   |                    |               |                |               |                 |                 |
| - Hardware Products and Solutions   | 1,038              | 1,489         | 3,816          | 4,988         | 9,853           | 13,537          |
| - Distribution  | 205                | 65            | 3,387          | 570           | 21,076          | 21,738          |
| - Learning  | -                  | -             | -              | -             | -               | -               |
| Total   | 1,243              | 1,554         | 7,203          | 5,558         | 30,929          | 35,275          |
| Less : Intersegment revenue   | -                  | -             | -              | -             | -               | -               |
| <b>Revenue from operations</b>  | <b>1,243</b>       | <b>1,554</b>  | <b>7,203</b>   | <b>5,558</b>  | <b>30,929</b>   | <b>35,275</b>   |
| <b>2. Segment results (profit / loss) before tax and interest from each segment</b> |                    |               |                |               |                 |                 |
| - Hardware Products and Solutions   | (591)              | (1,117)       | (860)          | (2,559)       | (5,382)         | (8,218)         |
| - Distribution  | (67)               | 149           | (268)          | (30)          | (3,534)         | (3,439)         |
| - Learning  | (2)                | (17)          | 10             | (20)          | 9               | 118             |
| Total   | (660)              | (985)         | (1,118)        | (2,609)       | (8,907)         | (11,539)        |
| Less :  |                    |               |                |               |                 |                 |
| i) Interest expense   | 262                | 313           | 1,170          | 1,138         | 4,279           | 5,235           |
| ii) Other un-allocable expenditure net of un-allocable (income)                     | (188)              | (2,605)       | 1,144          | (8,378)       | 2,303           | 2,701           |
| <b>Total Profit / (Loss) before tax</b>   | <b>(734)</b>       | <b>1,307</b>  | <b>(3,432)</b> | <b>4,631</b>  | <b>(15,489)</b> | <b>(19,475)</b> |
| <b>3. Segment Assets</b>  |                    |               |                |               |                 |                 |
| - Hardware Products and Solutions   | 20,158             | 20,067        | 35,550         | 20,158        | 35,550          | 28,161          |
| - Distribution  | 10,122             | 12,465        | 15,855         | 10,122        | 15,855          | 14,096          |
| - Learning  | 81                 | 86            | 223            | 81            | 223             | 192             |
| - Unallocated   | 23,901             | 27,307        | 24,271         | 23,901        | 24,271          | 22,473          |
| <b>Total Assets</b>   | <b>54,262</b>      | <b>59,925</b> | <b>75,899</b>  | <b>54,262</b> | <b>75,899</b>   | <b>64,922</b>   |
| <b>4. Segment Liabilities</b>   |                    |               |                |               |                 |                 |
| - Hardware Products and Solutions   | 23,941             | 25,200        | 35,469         | 23,941        | 35,469          | 26,486          |
| - Distribution  | 2,868              | 3,146         | 6,388          | 2,868         | 6,388           | 4,204           |
| - Learning  | 133                | 134           | 371            | 133           | 371             | 130             |
| - Unallocated   | 46,637             | 50,031        | 53,488         | 46,637        | 53,488          | 58,109          |
| <b>Total Liabilities</b>  | <b>73,579</b>      | <b>78,511</b> | <b>95,716</b>  | <b>73,579</b> | <b>95,716</b>   | <b>88,929</b>   |

**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 February 08, 2022. The statutory auditors have issued review report with unmodified opinion on these results.
- As at December 31, 2021, the Group has accumulated losses and its net worth has been fully eroded, though the Group has earned net profit of Rs. 4,631 Lakhs during the period ended December 31, 2021 (March 31, 2021 - net loss of Rs. 19,673 Lakhs) and the Group's current liabilities exceeded its current assets by Rs 39,621 Lakhs for the period ended December 31, 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 Rs 25,000 Lakhs and interest free unsecured loans of Rs 35,500 Lakhs 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 ended |
|---|--------------------|--------------|------------|---------------|------------|------------|
|   | 31.12.2021         | 30.09.2021   | 31.12.2020 | 31.12.2021    | 31.12.2020 | 31.03.2021 |
|   | Unaudited          | Unaudited    | Unaudited  | Unaudited     | Unaudited  | Audited    |
| Gain on sale of properties, plant and equipments (Refer Note No. 4) | 738                | 3,385        | -          | 10,326        | -          | -          |
| <b>Total gain</b>   | <b>738</b>         | <b>3,385</b> | <b>-</b>   | <b>10,326</b> | <b>-</b>   | <b>-</b>   |

- 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 1,199 Lakhs for a consideration of Rs 4,584 Lakhs, resulting an overall gain of Rs 3,385 Lakhs. During the quarter ended December 31, 2021, the company has disposed one property located in Pant Nagar, having net carrying value Rs 717 Lakhs for a consideration of Rs 1,455 Lakhs, resulting an overall gain of Rs 738 Lakhs.
- 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 September 21, 2020 for obtaining the sanction of NCLT on the proposed merger. Pursuant to the directions of the Hon'ble NCLT, the company convened the meeting of shareholders of all the Applicant Companies and unsecured creditors of Digilife Distribution and Marketing Services Limited (DDMS) and HCL Infosystems Limited on November 30, 2021. The report of the meetings was filed before the Hon'ble NCLT which was heard on January 03, 2022. Pursuant to order dated January 18, 2022 in this regard, the petition has been admitted by the Hon'ble NCLT, New Delhi and next date of hearing has been fixed for April 12, 2022. 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.
- 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.
- 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 period ended December 31, 2021, Nil for the quarter ended December 31, 2021 and Rs 1,321 Lakhs for the quarter ended September 30, 2021 (Nil for the period ended December 31, 2020 and Rs 7,118.17 Lakhs for the year ended March 2021), on account of write back of certain old payables and provisions.
- The Group is facing delays in receipts from the customers, primarily in the System Integration Business, due to which the Group has charged its Statement of Profit and Loss with Rs. 873.78 Lakhs for the period ended December 31, 2021, Nil for the quarter ended December 31, 2021 and Rs. 873.78 Lakhs for the quarter ended September 30, 2021 (Rs 187.40 Lakhs for the period ended December 31, 2020 and Rs. 9,013.91 Lakhs for the year ended March 2021) on account of provision for certain receivable balances.

- 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.

- 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.
- 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.
- 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 as "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 Novexo 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. The completion of the sale of the shareholding of HCL Infotech Ltd. to Novexo has been delayed and the Company is currently renegotiating some of the terms of the Share Purchase Agreement with Novexo. The revised SPA will be subject to approval of the Board and the Shareholders of the Company.
- 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.
- 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.

for HCL Infosystems Limited

Place : Noida  
Date : February 08, 2022

Nikhil Sinha  
Chairperson