

**HCL INFOSYSTEMS LIMITED**  
**Unaudited Consolidated financial results for the quarter ended June 30, 2022**  
 Regd.Off. 806, Siddharth, 96 Nehru Place, New Delhi 110019.  
 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 ended June 30, 2022**

(Rs. In Lakhs)

	Particulars	Consolidated			
		Three months ended			Year ended
		30.06.2022	31.03.2022	30.06.2021	31.03.2022
		Unaudited	Audited	Unaudited	Audited
1	<b>Income</b>				
	Revenue from operations	912	1,386	2,761	6,944
	Other income	483	1,202	818	4,154
	<b>Total Income</b>	<b>1,395</b>	<b>2,588</b>	<b>3,579</b>	<b>11,098</b>
2	<b>Expenses</b>				
(a)	Cost of materials consumed	-	2	-	2
(b)	Purchase of stock-in-trade	146	148	454	817
(c)	Changes in inventories of finished goods and stock-in-trade	2	164	(180)	232
(d)	Other direct expense	289	81	1,377	3,517
(e)	Employee benefits expense	548	508	901	2,667
(f)	Finance costs	140	232	563	1,370
(g)	Depreciation and amortisation expense	15	18	55	147
(h)	Legal, professional and consultancy charges	622	845	689	3,240
(i)	Other expenses	1,118	2,472	1,865	6,683
	<b>Total expenses</b>	<b>2,880</b>	<b>4,470</b>	<b>5,724</b>	<b>18,675</b>
3	<b>Loss before exceptional items and tax from continuing operations (1 - 2)</b>	<b>(1,485)</b>	<b>(1,882)</b>	<b>(2,145)</b>	<b>(7,577)</b>
4	Exceptional Items gain/(loss) (Refer note 3)	487	(175)	6,203	10,151
5	<b>Profit / (Loss) before tax from continuing operations (3 + 4)</b>	<b>(998)</b>	<b>(2,057)</b>	<b>4,058</b>	<b>2,574</b>
6	Tax expense / (credit)				
(a)	Current tax	-	122	-	122
(b)	Deferred tax expense	-	-	-	-
7	<b>Profit / (Loss) for the period from continuing operations (5 - 6)</b>	<b>(998)</b>	<b>(2,179)</b>	<b>4,058</b>	<b>2,452</b>
8	Profit / (loss) before tax from discontinued operations	-	-	-	-
9	Profit / (loss) on disposal of discontinued operations	-	-	-	-
10	Tax expense / (credit) of discontinued operations	-	-	-	-
11	<b>Net Profit / (Loss) for the period from discontinued operations (8 + 9 - 10)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
12	<b>Net Profit / (Loss) for the period (7+ 11)</b>	<b>(998)</b>	<b>(2,179)</b>	<b>4,058</b>	<b>2,452</b>
13	Other comprehensive income				
A (i)	Items that will not be reclassified to profit and loss	-	(41)	-	(41)
(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	1	30	21	86
(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>1</b>	<b>(11)</b>	<b>21</b>	<b>45</b>
14	<b>Total comprehensive income for the period (12 + 13)</b>	<b>(997)</b>	<b>(2,190)</b>	<b>4,079</b>	<b>2,497</b>
15	Net Profit/(Loss) attributable to:				
	- Shareholders	(998)	(2,179)	4,058	2,452
	- Non-controlling interests	(0)	(0)	(0)	(0)
	Total comprehensive income attributable to:				
	- Shareholders	(997)	(2,190)	4,079	2,497
	- Non-controlling interests	(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
17	Reserve as per balance sheet of previous accounting year				(28,095)
18	Earnings per share for continuing operations (of Rs 2/- each) (not annualised):				
(a)	Basic	(0.30)	(0.66)	1.23	0.74
(b)	Diluted	(0.30)	(0.66)	1.23	0.74
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	(0.30)	(0.66)	1.23	0.74
(b)	Diluted	(0.30)	(0.66)	1.23	0.74

**Segment-wise information**

(Rs. In Lakhs)

	Particulars	Three months ended			
		30.06.2022	31.03.2022	30.06.2021	31.03.2022
		Unaudited	Audited	Unaudited	Audited
1.	<b>Segment Revenue</b>				
	- Hardware Products and Solutions	759	1,108	2,461	6,096
	- Distribution	153	278	300	848
	- Learning	-	-	-	-
	Total	912	1,386	2,761	6,944
	Less : Inter segment revenue	-	-	-	-
	<b>Revenue from operations</b>	<b>912</b>	<b>1,386</b>	<b>2,761</b>	<b>6,944</b>
2.	<b>Segment results</b>				
	- Hardware Products and Solutions	(681)	(489)	(851)	(3,048)
	- Distribution	106	275	(112)	245
	- Learning	(3)	71	(1)	51
	Total	(578)	(143)	(964)	(2,752)
	Less :				
i)	Interest expense	140	232	563	1,370
ii)	Other un-allocable expenditure net off un-allocable (income)	280	1,682	(5,585)	(6,696)
	<b>Total Profit / (Loss) before tax</b>	<b>(998)</b>	<b>(2,057)</b>	<b>4,058</b>	<b>2,574</b>
3.	<b>Segment Assets</b>				
	- Hardware Products and Solutions	16,888	17,026	22,161	17,026
	- Distribution	9,878	10,078	13,356	10,078
	- Learning	80	79	131	79
	- Unallocated	14,893	21,942	29,521	21,942
	<b>Total Assets</b>	<b>41,739</b>	<b>49,125</b>	<b>65,169</b>	<b>49,125</b>
4.	<b>Segment Liabilities</b>				
	- Hardware Products and Solutions	22,373	22,547	27,173	22,547
	- Distribution	2,249	2,416	3,308	2,416
	- Learning	65	59	133	59
	- Unallocated	39,557	45,614	54,481	45,614
	<b>Total Liabilities</b>	<b>64,244</b>	<b>70,636</b>	<b>85,095</b>	<b>70,636</b>

**Notes:**

- These results have been prepared in accordance with the Indian Accounting Standard (referred to as "Ind AS") 34 - Interim Financial Reporting prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time. These results have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on August 9, 2022. The statutory auditors have issued unmodified review report on these results.
- As at June 30, 2022, the Group has accumulated losses and its net worth has been fully eroded, the Group's current liabilities exceeded its current assets by Rs 43,193 Lakhs as at June 30, 2022 (March 31, 2022 - Rs. 41,170 Lakhs). The losses are primarily as a result of delayed receipts on certain system integration contracts, historical low margin contracts, large litigations and their costs which are at different stages of progression. 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			
	30.06.2022		31.03.2022	
	Unaudited	Audited	Unaudited	Audited
Gain on sale of properties, plant and equipment's	487	158	6,203	10,484
Impairment of property	-	(333)	-	(333)
<b>Total Gain/(Loss) (Refer Note No. 4)</b>	<b>487</b>	<b>(175)</b>	<b>6,203</b>	<b>10,151</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 as a part of ongoing property monetisation plan, during the quarter ended, June 30, 2022, the Group has disposed three properties situated in Maharashtra, Pondicherry and West Bengal, having net carrying amount of Rs.377 Lakhs, for a consideration of Rs. 864 Lakhs, resulting an overall gain of Rs. 487 Lakhs. ((Rs 175 Lakhs) net off impairment loss of Rs 333 Lakhs for the quarter ended March 31, 2022, Rs 6,203 Lakhs for the quarter ended June 30, 2021 and Rs 10,151 net off impairment loss of Rs 333 Lakhs for the year ended March 31, 2022).
- The Company initiated a scheme of amalgamation of Digilife Distribution and Marketing Services Limited (DDMS) and HCL Learning Limited (Learning), wholly owned subsidiaries, with and into HCL Infosystems Limited (HCLI). The rationale for this is to consolidate businesses into a single entity, simplify the corporate structure and reducing administrative costs. The petition for sanctioning of the scheme was filed before the Hon'ble NCLT, New Delhi bench on 13th December 2021. Pursuant to order of the Hon'ble NCLT, New Delhi dated January 18, 2022, notices were duly issued to statutory authorities inviting their objections to the scheme and reports have been obtained from the Official Liquidator and the Regional Director. Adequate responses to their observations have also been filed before the Hon'ble NCLT along with necessary compliances. The Company also applied for change in Appointed Date of the Scheme from April 01, 2020 to April 01, 2022 before Hon'ble NCLT which was allowed vide order dated June 09, 2022. The final order in this matter has been reserved by the Hon'ble NCLT on July 08, 2022 and pronouncement of the order is awaited. Pending finalisation of final order by the Hon'ble NCLT in this matter which is significant in nature, no effect of this matter has been given in these financial results.
- Based on the report of the consulting firm appointed by the Board of Directors and the inputs of the management team, the Board in their meeting dated January 27, 2020 decided that because of low margin contracts, tough market conditions and the then financial position of the Group, the Distribution businesses of the Group were not financially sustainable. Consequently, as per the Board of Directors recommendation in order to limit future financial losses, the Enterprise and Consumer Distribution Business has been substantially scaled down.
- 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 248 Lakhs for the quarter ended June 30, 2022, Rs 577 Lakhs for the quarter ended March 31, 2022, Nil for the quarter ended June 30, 2021 and Rs 1,906 Lakhs for the year ended March 31, 2022, on account of written 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 148 Lakhs for the quarter ended June 30, 2022 (Rs 995 Lakhs for the quarter ended March 31, 2022 with reversal of corresponding credit of Rs. 766 lakhs and Rs. 569 Lakhs for the quarter ended June 30 2021 and 2,141 Lakhs for the year ended March 31, 2022 with reversal of corresponding credit of Rs. 766 lakhs) 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. 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. 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. 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, and also stipulates that the Company is entitled to receive the consideration for its services during the period covered by the consent terms, i.e. from May 2020 to August 2021, at the current market value. Pending determination of the current market value through arbitration, revenue is measured by the Company at existing contract price for the period May 2020 to August 2021. The differential revenue on the basis of current market value 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 in the last year with the vendors.

- 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 & it's 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 Novezo 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 defence 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 exercise has resulted in a significant delay in closing the transaction sale of HCL Infotech to Novezo. Currently In addition, some of the terms of the Share Purchase Agreement are being renegotiated with Novezo and there are several unresolved issues. The revised SPA which, if resolved, will be subject to approval of the Board and the Shareholders of the Company.

- 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.

- The figures of the last quarter are the balancing figures between audited figures in respect of the full financial year upto March 31, 2022 and the unaudited published year-to-date figures upto December 31, 2021 being the date of the end of the third quarter of the financial year which were subjected to a limited review.

for HCL Infosystems Limited

Nikhil Sinha  
Chairperson

Place : Noida  
Date : August 09, 2022