

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

Particulars		Standalone			
		Three months ended		Year ended	
		30.06.2022	31.03.2022	30.06.2021	31.03.2022
		Unaudited	Audited	Unaudited	Audited
1	Income				
	Revenue from operations	166	298	309	919
	Other income	358	978	776	2,837
	Total Income	524	1,276	1,085	3,756
2	Expenses				
(a)	Cost of materials consumed	-	2	-	2
(b)	Purchase of stock-in-trade	144	140	441	721
(c)	Changes in inventories of finished goods and stock-in-trade	-	(0)	(184)	53
(d)	Employee benefits expense	227	136	187	668
(e)	Finance costs	120	214	531	1,264
(f)	Depreciation and amortization expense	14	18	49	135
(g)	Legal, professional and consultancy charges	222	324	312	1,399
(h)	Other expenses	513	1,883	1,077	4,307
	Total expenses	1,240	2,717	2,413	8,549
3	Loss before exceptional items and tax (1 - 2)	(716)	(1,441)	(1,328)	(4,793)
4	Exceptional Items Gain/(loss) (Refer note 2)	(247)	(698)	6,320	7,261
5	Profit / (Loss) before tax (3 + 4)	(963)	(2,139)	4,992	2,468
6	Tax expense				
(a)	Current tax	-	-	-	-
(b)	Deferred tax expense	-	-	-	-
7	Net Profit/(Loss) for the period (5 - 6)	(963)	(2,139)	4,992	2,468
8	Other comprehensive income				
A (i)	Items that will not be reclassified to profit or loss	-	(25)	-	(25)
(ii)	Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-
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	-	-	-	-
	Total other comprehensive income, net of income tax	-	(25)	-	(25)
9	Total comprehensive income for the period (7 + 8)	(963)	(2,164)	4,992	2,443
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				(28,624)
12	Earnings per share (of Rs 2/- each) (not annualised):				
(a)	Basic	(0.29)	(0.65)	1.52	0.75
(b)	Diluted	(0.29)	(0.65)	1.52	0.75

Notes

1. 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.

2. Exceptional items include :

Particulars	Three months ended		Year ended	
	30.06.2022	31.03.2022	30.06.2021	31.03.2022
	Unaudited	Audited	Unaudited	Audited
a. Profit on sale of property, plant and equipment's (Refer note no 9)	487	158	6,203	10,484
b. Reversal/(Provision) against loan given to subsidiary	2	(1)	117	2,169
c. Provision for loss in subsidiary#	(736)	(521)	-	(5,059)
d. Impairment of property (Refer note no 9)		(333)	-	(333)
Total Profit / (Loss) - (a+b+c+d)	(247)	(698)	6,320	7,261

The Company has made provision of Rs 736 Lakhs for the quarter ended June 30, 2022 and Rs 521 Lakhs for the quarter ended March 31, 2022, Nil for the quarter ended June, 30 2021 and Rs 5,059 Lakhs for the year ended March 31, 2022, on account of accumulated losses and erosion of net worth of HCL Infotech Limited, a wholly owned subsidiary.

3. As at June 30, 2022, the Company has accumulated losses and its net worth has been fully eroded, and the Company's current liabilities exceeded its current assets by Rs. 40,756 Lakhs (March 31, 2022 - Rs. 38,801 Lakhs) as at June 30, 2022. The losses are primarily 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 the Company, 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 (refer note 9) 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 Company out of total authorized limit of Rs.1,50,000 Lakhs. This had been approved by the shareholders of the Company, vide their resolution dated September 14, 2017. 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, these financial results have been prepared on a going concern basis.

4. 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 company, the Distribution businesses of the company 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.

5. As per Ind AS 108 'Operating Segments', the Company has disclosed the segment information only as part of the consolidated financial results.

6. 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 (HCL). 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.

7. Based on the detailed assessment performed by Management which also included, wherever considered necessary, performing reconciliation with the parties, the company has credited its Statement of Profit and Loss with Rs 220 Lakhs for the quarter ended June 30, 2022, Rs 415 Lakhs for the quarter ended March 31, 2022, Nil for the quarter ended June 30, 2021 and Rs 1,102 Lakhs for the year ended March 31, 2022, on account of written back of certain old payables and provisions.

8. The company is facing delays in receipts from the customers, primarily in the System Integration Business, due to which the company has charged its Statement of Profit & Loss with Nil for the quarter ended June 30, 2022, Rs 995 Lakhs for the quarter ended March 31, 2022 and Nil for the quarter ended June 30 2021 and 1,556 Lakhs for the year ended March 31, 2022 on account of provision for certain receivable balances.

9. 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, therefore as a part of ongoing property monetisation plan, during the quarter ended, June 30, 2022, the Company 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).

10. 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 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.

11. 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.

By order of the Board
for HCL Infosystems Limited

Nikhil Sinha
Chairperson

Place : Noida
Date : August 09, 2022