

HCL Infosystems registers Rs. 8.16 Crores revenue with operating loss of Rs. 9.30 Crores in Q3'FY24

February 13, 2024, New Delhi

Q3' FY24 Business Highlights:

- **Q3'24** revenue was Rs. 8.16 Crores
- Systems Integration and Solutions business reported revenue of Rs. 6.78 Crores
- Loss Before Tax after considering exceptional items was Rs. 9.30 Crores as against profit of Rs. 4.84 reported in Q2'24 as explained below:
 - Q3 expenses include higher legal costs for ongoing arbitration proceedings
 - Q2 included an exceptional gain of Rs. 11.96 Crores on account of sale of property.

HCL Infosystems today announced its financial results for the quarter ended Dec 31st, 2023.

Mr. Raj Sachdeva, Manager of HCL Infosystems Ltd, commenting on the results' said, *"In Q3'24, the Company continued to focus on arbitration proceedings, expediting deliverables of existing projects and improving collection of receivables from customers."*

Company Update

As previously mentioned in our news releases, our Systems Integration and Solutions business has continued to face challenges in obtaining timely customer acceptance and sign-offs for completed projects, leading to delays in receiving payments. As a result, though the number of contracts reaching closure has increased, there is no significant progress in recovering outstanding receivables from customers. To address this issue, the Company has taken the step of initiating arbitration proceedings against several customers to recover the dues owed. Due to multiple legal arbitration proceedings and legacy issues, significant effort and cost is being incurred on legal and legacy matters.

Re-appointment of Dr. Nikhil Sinha for second term

The Board of Directors of the Company in their meeting held today i.e., 13th February 2024, have re-appointed Dr. Nikhil Sinha as Independent Director, not liable to retire by rotation, for a second term of five consecutive years from 1st April 2024 to 31st March 2029, subject to the approval by the Members of the Company.

Legal update

During the quarter, that Company received:

1. a favorable award of approximately Rs. 30 Crores from the Arbitral Tribunal against the respondent company.
2. A final decision on the remaining items in the arbitration filed by Company against a government owned public sector telecom company as follows:
 - The claim of the Company seeking refund of BG (worth INR 5 Crore) encashed by respondent has been disallowed as the encashment has been held to be justified. However, there is no further impact on P&L of the Company as it was provided for in earlier years.
 - The Tribunal also disallowed the Company's other Claims towards Project implementation expenses and loss of profit amounting to INR 16 Crore (approx.).
 - The Counter Claims worth INR 199 Crore filed by the customer (respondent) against the Company have also been disallowed.

The above awards given by the Arbitral Tribunal are subject to appeals in higher courts.

About HCL Infosystems

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

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Consolidated Results

(Rs. In Crores)

	Three months ended			Year ended
	31.12.2023	30.09.2023	31.12.2022	31.03.2023
	Unaudited	Unaudited	Unaudited	Audited
Income				
Revenue from operations	8.2	6.0	7.1	31.4
Other income	7.6	8.5	4.0	23.4
Total Income	15.8	14.5	11.1	54.8
Expenses				
Purchase of services	1.4	1.1	1.3	4.8
Changes in inventories of stock-in-trade	0.0	0.0	(0.1)	0.1
Other direct expense	0.7	2.5	3.2	13.7
Employee benefits expense	5.1	5.0	5.0	20.4
Finance costs	0.1	0.1	0.1	1.9
Depreciation and amortisation expense	0.1	0.1	0.2	0.6
Legal, professional and consultancy charges	12.9	7.8	8.0	28.9
Other expenses	4.8	4.9	6.5	36.9
Total expenses	25.1	21.6	24.2	107.4
Loss before exceptional items and tax from continuing operations	(9.3)	(7.1)	(13.1)	(52.6)
Exceptional Items (loss) / gain	-	12.0	-	13.8
Profit /(Loss) before tax from continuing operations	(9.3)	4.9	(13.1)	(38.8)
Tax expense / (credit)				
(a) Current tax	-	-	-	0.1
(b) Deferred tax expense	-	-	-	-
Net Profit/(Loss) for the period from continuing operations	(9.3)	4.9	(13.1)	(38.9)
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 Profit/(Loss) for the period	(9.3)	4.9	(13.1)	(38.9)
Other comprehensive income				
A (i) Items that will not be reclassified to profit and loss	-	-	-	(0.0)
(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	0.1	0.0	0.4	0.4
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-
Total other comprehensive income, net of income tax	0.1	0.0	0.4	0.4
Total comprehensive income/ (loss) for the period	(9.2)	4.9	(12.7)	(38.5)
Basic EPS (Not annualised) Rs./share for discontinued & continuing operations	(0.28)	0.15	(0.40)	(1.18)