

**HCL INFOSYSTEMS LIMITED**  
**Unaudited Standalone financial results for the quarter ended June 30, 2024**  
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**Standalone Statement of Profit and Loss of HCL Infosystems Limited as per Ind AS:** (Rs. In Lakhs)

Particulars	Standalone			
	Three months ended		Year ended	
	30.06.2024	31.03.2024	30.06.2023	31.03.2024
	Unaudited	Audited	Unaudited	Audited
<b>1 Income</b>				
Revenue from operations	120	94	128	475
Other income	128	571	209	1,309
<b>Total Income</b>	<b>248</b>	<b>665</b>	<b>337</b>	<b>1,784</b>
<b>2 Expenses</b>				
(a) Direct Expense	118	92	127	470
(b) Changes in inventories of stock-in-trade	-	-	-	-
(c) Employee benefits expense	152	154	151	601
(d) Finance costs	6	10	14	43
(e) Depreciation and amortization expense	11	12	14	53
(f) Legal, professional and consultancy charges	183	159	255	805
(g) Other expenses	189	235	404	1,059
<b>Total expenses</b>	<b>659</b>	<b>662</b>	<b>965</b>	<b>3,031</b>
<b>3 Profit/(Loss) before exceptional items and tax (1 - 2)</b>	<b>(411)</b>	<b>3</b>	<b>(628)</b>	<b>(1,247)</b>
4 Exceptional items gain/(loss) (Refer note 2)	(1)	(538)	35	(308)
<b>5 Loss before tax (3 + 4)</b>	<b>(412)</b>	<b>(535)</b>	<b>(593)</b>	<b>(1,555)</b>
6 Tax expense				
(a) Current tax	-	-	-	-
(b) Deferred tax	-	-	-	-
<b>7 Loss for the period (5 - 6)</b>	<b>(412)</b>	<b>(535)</b>	<b>(593)</b>	<b>(1,555)</b>
8 Other comprehensive income				
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	-	-	-	-
(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>-</b>	<b>-</b>	<b>-</b>
<b>9 Total comprehensive loss for the period (7 + 8)</b>	<b>(412)</b>	<b>(535)</b>	<b>(593)</b>	<b>(1,555)</b>
10 Paid-up equity share capital (Face value per share of Rs. 2/-)	6,584	6,584	6,584	6,584
11 Reserve as per balance sheet of previous accounting year				(33,654)
12 Earnings per share (of Rs. 2/- each) (not annualised):				
(a) Basic	(0.13)	(0.16)	(0.18)	(0.47)
(b) Diluted	(0.13)	(0.16)	(0.18)	(0.47)

**Notes**

1. These results have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") 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 08, 2024. The statutory auditors have issued unmodified review report on these results.

**2. Exceptional items include :** (Rs. In Lakhs)

Particulars	Standalone			
	Three months ended		Year ended	
	30.06.2024	31.03.2024	30.06.2023	31.03.2024
	Unaudited	Audited	Unaudited	Audited
a. Gain on sale of property, plant and equipment (Refer note no 7)	-	-	-	1,196
b. Reversal/(Provision) for loss in subsidiary #	(1)	(538)	35	(1,504)
<b>Total Gain / (Loss) - (a+b)</b>	<b>(1)</b>	<b>(538)</b>	<b>35</b>	<b>(308)</b>

#One of the Company's wholly owned subsidiary namely "HCL Infotech Limited" has been incurring operational losses during the last few years due to various reasons including delay in collections of receivables, challenging market conditions, cost overruns and legal expenses in respect of long-term contracts. Considering the fact that most of these long-term contracts were originally entered with the Company and transferred to HCL Infotech Limited through the Scheme of Arrangement in the past, there is a constructive obligation for the Company to provide operational and financial support to HCL Infotech Limited for execution of its contracts. This constructive obligation is also supported by the past practice followed by the Company wherein it has been, from time to time, voluntarily extending financial support to its subsidiaries, even during challenging market circumstances. Such continuous and timely support from the Company has helped fund the losses of its subsidiaries and enabled them to meet their financial obligations without any delays/ defaults.

Basis the same, the Company is creating provision for loss of subsidiary in the standalone financials to the extent of accumulated losses and erosion of net worth of subsidiary, as at the reporting date. This has been treated as a present obligation of the Company wherein it is probable that an outflow of resources will be required to support HCL Infotech Limited and pay its liabilities that are more than its assets as on reporting date, as required by Ind AS 37.

3. For past several years, the Company has continuously made losses and its net worth has been fully eroded. Further the Company has incurred a net loss of Rs. 412 lakhs, during the current quarter (three months ended March 31, 2024: net loss Rs 535 lakhs and year ended March 31, 2024: net loss Rs.1,555 lakhs) and the Company's current liabilities exceeded its current assets by Rs. 43,064 lakhs (March 31, 2024: Rs. 42,557 lakhs) as at June 30, 2024. 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, has been 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 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. 33,035 lakhs and interest free unsecured loans of Rs. 35,500 lakhs to HCL Infosystems Limited 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 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 standalone 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. The Group had reported three segments till year ended 31 March 2024 – Hardware Products and Solutions, Distribution and Learning. However, in the current quarter, management has reassessed the segment disclosure and believes that with the scale down of the Distribution business which is limited to providing IT support services (primarily annual maintenance activities) and progressive decline in learning operations, the Chief Operating Decision maker primarily focusses on combined business in making decisions on operating matters and on allocating resources in evaluating performance. Accordingly, the Group has aggregated its segment into a single segment which is providing IT support services and hence no separate disclosure is required for Segment as per Ind AS 108 'Operating Segments'.
6. 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. 5 Lakhs for the quarter ended June 30, 2024, Rs. 463 Lakhs for the quarter ended March 31, 2024, Nil for the quarter ended June 30, 2023 and Rs. 661 Lakhs for the year ended March 31, 2024, on account of write back of certain old payables and provisions.
7. In order to reduce Company's debt obligations, the Company decided to monetize Company owned properties in a phased manner. Several of Company's properties were not being fully utilized due to changes in the business of the Company, therefore, as a part of ongoing property monetization plan, the Company had sold certain properties resulting in gain of Rs. 1,196 Lakhs for the year ended March 31, 2024. There is no such transaction during the quarter ended June 30, 2024, March 31, 2024 and June 30, 2023.
8. HCL Infosystems Limited was awarded the order for supply, installation and commissioning of communication infrastructure, on turnkey basis, for CWG (Commonwealth Games) and later the work of re-deployment of equipment in MTNL's network in Delhi and Mumbai was also included. Disputes arose between both the parties with regard to completion of the project and Arbitration proceedings were initiated by HCL Infosystems Limited to recover the pending amount. In August 2014, the Arbitral Tribunal passed an Award in favour of HCL Infosystems Limited, whereby allowing majority of its claim and dismissing all the counter-claims of MTNL. MTNL challenged the Award before the High Court of Delhi and the same was dismissed. MTNL filed an Appeal before the Division Bench of the High Court challenging the said dismissal, wherein during the March 2016, the MTNL was directed to deposit a total sum of Rs. 9,130 Lakhs (Rs. 8,035 Lakhs principal and Rs. 1,095 Lakhs interest) with the Court in the form of a Fixed Deposit. This contract was part of Hardware Solutions business transferred to HCL Infotech Limited under Scheme of Arrangement in 2013. HCL Infotech Limited filed an application for release of the aforesaid Fixed Deposit (including accumulated interest accrued thereon till date of release of Rs. 4,307 Lakhs including TDS) of Rs. 12,342 Lakhs. Accordingly, the same has been released on adhoc basis vide order of the Hon'ble High Court of Delhi dated September 28, 2022 against a Bank Guarantee which is backed by Corporate Guarantee provided by HCL Corporation Limited on behalf of HCL Infotech Limited.
- As part of issuance of Optionally Convertible Debentures (OCDs), HCL Infotech Limited has transferred its rights to receive cash flows from MTNL to the HCL Infosystems Limited and as per the terms of OCDs, cash collected shall be utilized to redeem OCDs. However, since MTNL's Appeal is sub-judice (pending disposal) before the Division Bench of the High Court, amount has not been utilized for redemption of OCDs and shown as amount collected under litigation as a part of current liabilities in the financial statement of HCL Infotech Limited.
9. The figures of the last quarter are the balancing figures between audited figures in respect of the full financial year upto March 31, 2024 and the unaudited published year-to-date figures upto December 31, 2023 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

*Ritu Arora*

Ritu Arora  
Director

Place : Gurugram  
Date : August 08, 2024