

HCL INFOSYSTEMS LIMITED
Unaudited standalone financial results for the quarter and nine months ended December 31, 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 to date		Year ended
	31.12.2024	30.09.2024	31.12.2023	31.12.2024	31.12.2023	31.03.2024
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1 Income						
Revenue from operations	79	84	139	283	381	475
Other income	244	229	140	601	738	1,309
Total Income	323	313	279	884	1,119	1,784
2 Expenses						
(a) Purchase of services	78	86	138	282	378	470
(b) Changes in inventories of stock-in-trade	-	(2)	-	(2)	-	-
(c) Employee benefits expense	150	148	150	450	447	601
(d) Finance costs	3	5	6	14	33	43
(e) Depreciation and amortization expense	12	13	13	36	41	53
(f) Legal, professional and consultancy charges	99	57	188	338	646	805
(g) Other expenses	281	429	163	899	824	1,059
Total expenses	623	736	658	2,017	2,369	3,031
3 Loss before exceptional items and tax (1 - 2)	(300)	(423)	(379)	(1,133)	(1,250)	(1,247)
4 Exceptional Items gain / (loss) (Refer note 2)	(246)	(416)	(532)	(663)	230	(308)
5 Loss before tax (3 + 4)	(546)	(839)	(911)	(1,796)	(1,020)	(1,555)
6 Tax expense						
(a) Current tax	-	-	-	-	-	-
(b) Deferred tax expense	-	-	-	-	-	-
7 Net Loss for the period (5 - 6)	(546)	(839)	(911)	(1,796)	(1,020)	(1,555)
8 Other comprehensive income/ (loss)						
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	-	-	-	-	-	-
Total other comprehensive income / (loss), net of income tax for the period	-	-	-	-	-	-
9 Total comprehensive income for the period (7 + 8)	(546)	(839)	(911)	(1,796)	(1,020)	(1,555)
10 Paid-up equity share capital (Face value per share of Rs. 2/-)	6,584	6,584	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	(0.17)	(0.25)	(0.28)	(0.55)	(0.31)	(0.47)
(b) Diluted	(0.17)	(0.25)	(0.28)	(0.55)	(0.31)	(0.47)

Notes

- 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 February 07, 2025. The statutory auditors have issued unmodified review report on these results.

- Exceptional items include :

(Rs. In Lakhs)

Particulars	Three months ended			Year to date		Year ended
	31.12.2024	30.09.2024	31.12.2023	31.12.2024	31.12.2023	31.03.2024
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
	a. Gain on sale of property, plant and equipment (refer note no 6)	-	-	-	-	1,196
b. Provision for loss in subsidiary #	(246)	(416)	(532)	(663)	(966)	(1,504)
Total Gain / (Loss) - (a+b)	(246)	(416)	(532)	(663)	230	(308)

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 incurred by its 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. The Company has continuously made losses during past years and its net worth has been fully eroded. Further the Company has incurred a net loss of Rs. 1,796 lakhs, for the nine months ended December 31, 2024 (year ended March 31, 2024: net loss Rs.1,555 lakhs) and the Company's current liabilities exceeded its current assets by Rs. 44,243 lakhs (March 31, 2024: Rs. 42,557 lakhs) as at December 31, 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 company had originally entered into multiple long term contracts forming part of 'Hardware Solutions Business' which was transferred to HCL Infotech Limited through Scheme of Arrangement with the remaining term of ongoing contract upto year 2031. Therefore, there is a constructive obligation for the Company to provide operational and financial support to HCL Infotech Limited for execution of its contracts (also refer note 2). Accordingly, the management will ensure continuity of operations to support execution of long terms contracts originally assigned to the Company.
To ensure the necessary financial support for above operations and its own operations, the Board of Directors of HCL Corporation Private Limited (a significant promoter shareholder) has approved support in the form of corporate guarantees to banks of Rs. 39,600 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 including long term contracts transferred to HCL Infotech Limited 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. The Company had reported three segments till year ended 31 March 2024 – Hardware Products and Solutions, Distribution and Learning. However, 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 Company has aggregated its segments 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'.
5. 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 135 Lakhs for the quarter ended December 31, 2024, Rs 126 Lakhs for the quarter ended September 30, 2024, Rs 23 Lakhs for the quarter ended December 31, 2023, Rs 265 Lakhs for the period ended December 31, 2024, Rs 198 Lakhs for the period ended December 31, 2023 and Rs 661 Lakhs for the year ended March 31, 2024, on account of written back of certain old payables and provisions.
6. 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 period ended December 31, 2024.
7. HCL Infosystems Limited (HCLI) has initiated Arbitration Proceedings with respect to dispute against the customers for contracts which were originally awarded to HCLI and were subsequently transferred to HCL Infotech Limited (Infotech) under the Scheme of Arrangement in 2013 as approved by Delhi High Court. Further as part of issuance of Optionally Convertible Debentures (OCDs), in earlier years the Infotech has transferred its rights to receive cash flows from these projects to the HCLI and as per the terms of OCDs, cash collected shall be utilized to redeem OCDs.
Against one of such contract, Infotech has received an amount of Rs. 12,342 Lakhs (including interest) in earlier years against equivalent Bank Guarantee. For another contract, part payment of Rs 1,331 Lakhs (including interest) was received during the quarter ended December 31, 2024 against equivalent Bank Guarantee. However, since counterparty's appeal in these matters is sub-judice (pending disposal) before the High Court, amount has not been utilized for redemption of OCDs and shown as amount collected under litigation as a part of other current liabilities in the financial statement of Infotech.

By order of the Board
for HCL Infosystems Limited

Place : Noida
Date : February 07, 2025

Nikhil Sinha
Chairperson