

Consolidated Statement of Profit and Loss for the quarter and six months ended September 30, 2019

(Rs. In Lakhs)

Particulars	Consolidated					
	Three months ended			Year to date		Year ended
	30.09.2019	30.06.2019	30.09.2018	30.09.2019	30.09.2018	31.03.2019
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1 Income						
Revenue from operations	58,177	57,896	97,637	115,873	200,426	387,475
Other income	2,400	1,770	2,351	4,170	4,908	10,108
Total Income	60,577	59,666	99,988	120,043	205,334	397,583
2 Expenses						
(a) Cost of materials consumed	-	-	-	-	4	4
(b) Purchase of stock-in-trade	51,650	51,816	91,447	103,266	179,985	342,369
(c) Changes in inventories of finished goods and stock-in-trade	592	1,055	160	1,647	8,424	20,354
(d) Employee benefits expense	2,738	2,866	3,323	5,404	6,645	12,575
(e) Finance costs	2,550	2,875	3,018	5,225	6,330	12,304
(f) Depreciation and amortisation expense	245	296	316	541	641	1,208
(g) Other expenses	7,863	5,911	5,510	13,774	11,499	25,830
Total expenses	65,638	64,219	103,774	129,857	213,528	414,644
3 Profit / (loss) before exceptional items and tax from continuing operations (1 - 2)	(5,061)	(4,753)	(3,786)	(9,814)	(8,194)	(17,061)
4 Exceptional items / (loss) / gain (Refer note 8)	941	824	-	1,565	-	-
5 Profit / (loss) before tax from continuing operations (3 + 4)	(4,120)	(4,129)	(3,786)	(8,249)	(8,194)	(17,061)
6 Tax expense / (credit)	-	-	-	-	-	-
(a) Current tax / (credit)	-	-	(9)	-	(10)	7
(b) Deferred tax expense / (credit)	-	-	-	-	-	293
7 Net Profit / (loss) for the period from continuing operations (5 - 6)	(4,120)	(4,129)	(3,777)	(8,249)	(8,184)	(17,361)
8 Profit / (loss) before tax from discontinued operations (Refer note 2-5)	160	159	553	319	1,225	3,421
9 Profit/(loss) on disposal of discontinued operations (Refer note 3-4)	-	-	-	-	959	959
10 Tax expense / (credit) of discontinued operations (Refer note 2-5)	32	27	76	59	159	539
11 Net Profit / (loss) for the period from discontinued operations (8 + 9 - 10)	128	132	477	260	2,025	3,841
12 Net Profit / (loss) for the period (7 + 11)	(3,992)	(3,997)	(3,300)	(7,989)	(6,159)	(13,520)
13 Other comprehensive income						
A (i) Items that will not be reclassified to profit and loss	-	-	-	-	-	(142)
(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	23	(11)	558	12	887	543
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-
Total other comprehensive income, net of income tax	23	(11)	558	12	887	401
14 Total comprehensive income for the period (12 + 13)	(3,969)	(4,008)	(2,744)	(7,977)	(5,272)	(13,119)
15 Net Profit/(Loss) attributable to:						
- Shareholders	(3,992)	(3,997)	(3,300)	(7,989)	(6,159)	(13,520)
- Non-controlling interests	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total comprehensive income attributable to:						
- Shareholders	(3,969)	(4,008)	(2,744)	(7,977)	(5,272)	(13,119)
- Non-controlling interests	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
16 Paid-up equity share capital (Face value per share in Rs. 2/-)	6,584	6,584	6,584	6,584	6,584	6,584
17 Reserve as per balance sheet of previous accounting year						3,831
18 Earnings per share for continuing operations (of Rs 2/- each) (not annualised):						
(a) Basic	(1.25)	(1.25)	(1.15)	(2.51)	(2.49)	(5.27)
(b) Diluted	(1.25)	(1.25)	(1.15)	(2.51)	(2.49)	(5.27)
19 Earnings per share for discontinued operations (of Rs 2/- each) (not annualised):						
(a) Basic	0.04	0.04	0.14	0.08	0.62	1.17
(b) Diluted	0.04	0.04	0.14	0.08	0.62	1.17
20 Earnings per share for discontinued & continuing operations (of Rs 2/- each) (not annualised):						
(a) Basic	(1.21)	(1.21)	(1.01)	(2.43)	(1.87)	(4.10)
(b) Diluted	(1.21)	(1.21)	(1.01)	(2.43)	(1.87)	(4.10)

Consolidated Balance Sheet

(Rs. In Lakhs)

Particulars	Consolidated	
	As at	As at
	30.09.2019	31.03.2019
	(Unaudited)	(Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	6,109	8,030
Right to use Assets	199	-
Capital work-in-progress	13	4
Goodwill	-	5,497
Other intangible assets	56	668
Financial assets		
i. Other financial assets	2,524	7,471
Deferred tax assets (net)	6,502	6,502
Advance income tax asset (net)	9,652	11,215
Other non-current assets	21,000	19,372
Total non-current assets	46,095	58,759
Current assets		
Inventories	7,889	9,551
Financial assets		
i. Investments	-	-
ii. Trade receivables	50,656	56,943
iii. Cash and cash equivalents	2,398	15,425
iv. Bank balances other than (iii) above	5,840	8,537
v. Other financial assets	9,035	10,838
Other current assets	36,806	38,245
Total current assets	112,624	139,539
Disposal group - assets held for sale	24,328	1,437
Total assets	183,007	199,735
EQUITY AND LIABILITIES		
Equity		
Equity share capital	6,584	6,584
Other equity	(4,152)	3,831
Non-controlling interests	(0.00)	(0.00)
Total equity	2,432	10,415
LIABILITIES		
Non-current liabilities		
Financial liabilities		
i. Borrowings	5,941	9,908
ii. Lease obligation	207	-
Provisions	854	788
Deferred tax liabilities (net)	293	544
Total non-current liabilities	7,295	11,240
Current liabilities		
Financial liabilities		
i. Borrowings	63,481	49,840
ii. Trade payables	63,599	67,995
iii. Other financial liabilities	13,993	33,457
Other current liabilities	17,797	21,739
Provisions	5,696	4,740
Current tax liabilities (net)	-	309
Total current liabilities	164,566	178,080
Disposal group - liabilities directly associated with assets held for sale	8,714	-
Total liabilities	180,575	189,320
Total equity and liabilities	183,007	199,735

Consolidated Cash Flow Statement for six months ended September 30, 2019

Particulars	Year to date		Year ended
	30.09.2019	30.09.2018	31.03.2019
	Unaudited	Unaudited	Audited
Cash Flow from Operating Activities:			
Loss before tax	(7,930)	(6,969)	(12,681)
Adjustments for:			
Depreciation and amortisation expense	1,278	1,113	2,194
Finance cost	5,241	6,457	12,431
Interest income	(2,196)	(3,090)	(5,813)
Dividend income	-	(124)	(174)
Net profit on sale of property, plant and equipment	(1,566)	(8)	(4)
Property, plant and equipment written-off	20	-	-
Profit on disposal of unquoted (others) current investments	-	(165)	(335)
Provision for doubtful debts	2,706	435	6,027
Provision for doubtful loans and advances and other current assets	11	43	63
Provisions/liabilities no longer required written back	(385)	(234)	(1,051)
Operating profit before working capital changes	(2,821)	(2,542)	657
Changes in operating assets and liabilities			
- Decrease / (Increase) in trade receivables	(3,687)	10,082	73,669
- Increase in non-current assets	(1,626)	(9,331)	(3,013)
- Increase in current assets	1,535	(1,633)	(15,679)
- (Increase) / decrease in inventories	1,662	9,892	21,811
- Increase in non current liabilities	101	(30)	(557)
- Increase / (decrease) in current liabilities	306	11,935	(39,194)
Cash used in operations	(4,530)	18,373	37,694
- Taxes (paid) / received	1,296	8,452	1,019
Net cash used in operating activities (A)	(3,234)	26,825	38,713
Cash flow from investing activities:			
Payment for property, plant and equipment (including intangible assets)	(134)	(746)	(1,007)
Proceeds from sale of property, plant and equipment	2,979	872	70
Proceeds from sale of current investments	-	-	12,557
Purchase of current investments	-	1,018	-
Investments in bank deposits (with original maturity of more than three months)	2,949	(1,532)	(6,293)
Movement in margin money account	(805)	28	(3)
Movement in balances with banks on dividend account	12	16	50
Dividend received on current investments	-	124	174
Interest received	2,196	3,090	5,813
Proceeds from sale of subsidiary	4,858	-	1,496
Net cash (used in) / from investing activities (B)	12,055	2,870	12,857
Cash Flow from Financing Activities:			
Share capital issued	-	-	-
Securities premium received (net)	-	-	-
Proceeds from loans and borrowings	93,162	47,545	127,948
Repayment of loans and borrowings	(102,466)	(73,133)	(163,316)
Interest paid	(5,412)	(6,309)	(12,295)
Dividend paid	(12)	(16)	(50)
Net cash from financing activities (C)	(14,728)	(31,913)	(47,713)
Net Increase/ (Decrease) in cash and cash equivalents (A+B+C)	(5,907)	(2,218)	3,857
Opening balance of cash and cash equivalents	15,425	11,582	11,582
Exchange difference on translation of foreign currency cash and cash equivalent	(38)	5	(14)
Closing balance of cash and cash equivalents	9,480	9,369	15,425
Cash and cash equivalents comprise of			
Cash, cheques and drafts (on hand)	588	1,759	1,785
Balances with banks on current accounts	4,749	6,375	6,524
Balances with banks on deposits accounts	4,143	1,235	7,116

Segment-wise information

Particulars	Three months ended			Year to date		Year ended
	30.09.2019	30.06.2019	30.09.2018	30.09.2019	30.09.2018	31.03.2019
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1. Segment Revenue						
- Hardware Products and Solutions	3,562	3,862	3,810	7,424	7,638	13,451
- Services *	10,465	10,421	12,028	20,886	26,434	54,004
- Distribution	54,466	53,813	93,599	108,279	192,182	372,221
- Leasing	125	20	257	145	319	1,045
Total	68,618	68,116	109,694	136,734	226,573	440,721
Less : Intersegment revenue	20	29	444	49	554	1,494
Revenue from operations	68,598	68,087	109,250	136,685	226,019	439,227
2. Segment results (Profit / (Loss) before tax and interest from each segment)						
- Hardware Products and Solutions	(1,974)	(1,314)	(956)	(3,288)	(2,065)	(7,302)
- Services *	112	138	541	250	2,203	4,256
- Distribution	(222)	(659)	285	(781)	506	1,345
- Leasing	167	164	147	331	111	1,062
Total	(1,917)	(1,571)	17	(3,488)	755	(639)
Less :						
i) Interest expense	2,558	2,683	3,095	5,241	6,659	12,431
ii) Other un-allocable expenditure net of un-allocable (income)	(515)	(284)	155	(799)	106	(389)
Total Profit / (Loss) before tax	(3,960)	(3,970)	(3,233)	(7,930)	(6,010)	(12,681)
3. Segment Assets						
- Hardware Products and Solutions *	49,275	55,630	76,547	49,275	76,547	58,165
- Services *	23,670	23,799	22,793	23,670	22,793	23,691
- Distribution	73,956	80,181	112,422	73,956	112,422	69,470
- Leasing	251	266	360	251	360	305
- Unallocated	35,855	44,108	54,683	35,855	54,683	48,104
Total Assets	183,007	203,984	266,805	183,007	266,805	199,735
4. Segment Liabilities						
- Hardware Products and Solutions *	37,402	36,425	48,214	37,402	48,214	38,302
- Services *	7,598	8,250	8,230	7,598	8,230	7,958
- Distribution	48,474	52,145	95,199	48,474	95,199	50,334
- Leasing	488	556	1,103	488	1,103	615
- Unallocated	86,613	100,200	95,797	86,613	95,797	92,110
Total Liabilities	180,575	197,576	248,543	180,575	248,543	189,319

* Refer Note (2-5)

Notes

- After recommendation by the Audit Committee, these results have been approved and taken on record by the Board of Directors at its meeting held on November 05, 2019. The statutory auditors have issued review report with unmodified opinion on these results.
- As communicated earlier, pursuant to the approval by the Board of Directors of the Company in its meeting held on October 15, 2018, the entire shareholding held by Nurture Technologies FZE (formerly known as HCL Infosystems MEA FZE)(Step-down Subsidiary) in its direct subsidiaries Gbraltar Technologies LLC (Dubai), Gbraltar Technologies LLC (Abu Dhabi) and step-down subsidiary Gbraltar Technologies WLL (Qatar) has been transferred to consortium of individuals viz Mr. Ahmed Khalaf Ahmed Khalaf Al Qatiba, Mr. Syed Mohammed Bukhari, Mr. Khadeer Peer Shariff S S and Mr. Abdul Qadir Bukhari on November 27, 2018 for a consideration of AED 34 lakhs (approximately equivalent Rs 650 lakhs).

Accordingly the business operations of the above mentioned companies has been considered as discontinued operations. The relevant information for all the period presented, attributable to discontinued operations are as below.

Particulars	Three months ended			Year to date		Year ended
	30.09.2019	30.06.2019	30.09.2018	30.09.2019	30.09.2018	31.03.2019
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Total revenue (including Other income)	-	-	92	-	1,637	2,169
Total expenditure	-	-	767	-	1,576	2,074
Profit/(loss) before tax	-	-	60	-	61	95
Tax expense	-	-	11	-	18	18
Profit/(loss) after tax	-	-	49	-	43	77

- Pursuant to the approval by the Board of Directors of Company in its meeting held on January 31, 2018, the CARE business division has been transferred to QDgi Services Limited on March 31, 2018 and subsequently the entire shareholding of QDgi Services Limited has been divested to M/s Quess Corp Limited on April 11, 2018.

- As communicated earlier, pursuant to the approval by the Board of Directors of Company in its meeting held on February 9, 2018, the Company has divested its investments both Equity and Optionally Convertible Debentures (OCD) in HCL Services Limited to M/s Kavya Data Management Services Limited for a consideration of Rs 11,210 lakhs (Equity Rs 1,745 lakhs and OCD Rs 9,465 lakhs, the consideration for OCD is equivalent to the Income Tax refund and is receivable as and when the Tax refund is received by HCL Services Limited). The Company signed a Share Purchase Agreement on May 31, 2018 and the shareholding was divested on June 15, 2018.

This transaction excludes:

- Care Business (divested to M/s Quess Corp Limited)
- IT & Facility unit (transferred to HCL Infosystems Limited)
- Investment in HCL Insys PTE Limited, Singapore including its subsidiaries transferred to HCL Learning Limited

- Pursuant to 3(a) & 3(b) above, Care Business & Domestic Enterprise Services Business has been considered as discontinued operations. The relevant information for all the period presented, attributable to these discontinued operations are as below.

Particulars	Three months ended			Year to date		Year ended
	30.09.2019	30.06.2019	30.09.2018	30.09.2019	30.09.2018	31.03.2019
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Total revenue (including Other income)	-	-	-	-	-	3,116
Total expenditure	-	-	-	-	-	2,906
Profit/(loss) before exceptional items and tax	-	-	-	-	-	210
Exceptional Items loss / (gain)	-	-	-	-	-	959
Profit/(loss) before tax	-	-	-	-	-	1,169
Tax expense	-	-	-	-	-	-
Profit/(loss) after tax	-	-	-	-	-	1,169

- The Board of Directors of HCL Infosystems Limited in its meeting held on August 06, 2019 had approved to sell the entire shareholding held by HCL Learning Limited (subsidiary of HCL Infosystems Limited) in HCL Insys Pte Ltd after the transfer of the trading business and the subsidiary Nurture Technologies FZE to HCL Investments Pte Ltd (subsidiary of HCL Infotech Limited). The sale will be made to PCOW Solutions Ltd. The consideration of the transaction is SGD 420 lakhs plus closing cash balances and adjustments to working capital and net debt which shall be adjusted on the date of transfer of the shareholding and based on the terms and conditions as specified in share purchase agreement (SPA). SPA was signed on August 06, 2019. The transaction has not yet been consummated pending compliance with closing precedents.

Accordingly the business operations associated with these transactions has been considered as discontinued operations. The relevant information for all the period presented, attributable to these discontinued operations are as below.

Particulars	Three months ended			Year to date		Year ended
	30.09.2019	30.06.2019	30.09.2018	30.09.2019	30.09.2018	31.03.2019
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Total revenue (including Other income)	10,429	10,398	10,794	20,827	20,881	46,657
Total expenditure	10,269	10,239	10,301	20,508	19,927	43,541
Profit/(loss) before exceptional items and tax	160	159	493	319	954	3,116
Exceptional Items loss / (gain)	-	-	-	-	-	-
Profit/(loss) before tax	160	159	493	319	954	3,116
Tax expense	32	27	65	59	141	521
Profit/(loss) after tax	128	132	428	260	813	2,595
Total assets				24,328		
Total liabilities				8,714		

Particulars	Year to date		Year Ended
	30.09.2019	30.09.2018	31.03.2019
	Unaudited	Unaudited	Audited
Cash flow / (used) from operating activities	974	-	2,518
Cash flow / (used) from investing activities	(1,353)	(807)	(677)
Cash flow / (used) from financing activities	-	0	0

- As at 30th September 2019, HCL Infosystems Limited and its subsidiaries (together referred to as 'the Group') have net current liabilities of Rs. 51,942 lakhs and a loss of Rs. 7,989 lakhs for the six month period then ended. The losses of the Group have resulted in reduction of shareholders' equity to Rs 2,432 lakhs. The losses are primarily as a result of delayed receipts on certain contracts, certain historical low margin contracts, and finance costs. The Parent Company's management is evaluating and pursuing strategies which include reduction and effective elimination of low margin contracts, discontinuance of clients with delayed payment history, sale of certain non-core properties, reorganizing including aggregation or disposal of some un-remunerative business operations, reduction in outstanding debtors of its system integration business. Further, the Parent Company also has a debt refinancing facility backed by HCL Corporation Private Limited's corporate guarantee to the extent of Rs 25,000 lakhs, which is expected to provide necessary support to the operations of the Parent. After considering the matters described above and the expected positive outcome of the sale of HCL Insys Pte Ltd (see note 5), the Parent's Board of Directors have a reasonable expectation that the Group will be able to meet all its contractual obligations and liabilities as they fall due in the near future.
- Effective April 1, 2019, the Group adopted Ind AS 116 'Leases', applied to all lease contracts existing on April 1, 2019 using the modified retrospective method. The Group has applied the standard to its leases with the cumulative impact recognised on the date of initial application (April 1, 2019). Accordingly, comparatives for the year ended March 31, 2019 have not been retrospectively adjusted.

On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) and lease liability of Rs. 987 lakhs. The adoption of this standard did not have any significant impact on the profit/loss for the period and earnings per share.

8. Exceptional Items include :

Particulars	Three months ended			Year to date		Year ended
	30.09.2019	30.06.2019	30.09.2018	30.09.2019	30.09.2018	31.03.2019
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Gain on sale of property, plant and equipments	941	624	-	1,565	-	-
Total gain/(loss)	941	624	-	1,565	-	-

Exceptional gain of Rs. 1,565 lakhs for the six month ended 30.09.2019 (Rs. 941 lakhs for the quarter ended 30.09.2019) represents profit on sale of properties situated at Plot No. 10, CTS No. 86 Lohegaon, Viman Nagar, Pune and G4,9,10, Sector 3, and B-13,14 Sector 8, Noida location under property monetisation plan, under which agreement to sale had been approved by Board on 13.05.2019 and 20.05.2019 respectively.

- Consolidated Results include financial results of HCL Infosystems Limited, and its subsidiaries.

- Figures for previous periods have been regrouped and rearranged, wherever necessary, to conform with the relevant current period's classification.

for HCL Infosystems Limited

Rangarajan Raghavan
Managing Director

Place : Noida
Date : November 05, 2019