

**HCL INFOSYSTEMS LIMITED**  
**Audited Financial Results for the quarter and year ended March 31, 2020**  
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**Consolidated Statement of Profit and Loss for the quarter and year ended March 31, 2020** (Rs. In Lakhs)

Particulars	Consolidated				
	Three months ended			Year ended	
	31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
	Audited	Unaudited	Audited	Audited	
<b>1 Income</b>					
Revenue from operations	22,771	42,873	87,560	181,517	387,462
Other income	2,596	912	2,758	7,678	10,122
<b>Total income</b>	<b>25,367</b>	<b>43,785</b>	<b>90,318</b>	<b>189,195</b>	<b>397,584</b>
<b>2 Expenses</b>					
(a) Cost of materials consumed	-	-	-	-	4
(b) Purchase of stock-in-trade	18,062	34,578	48,147	155,906	339,019
(c) Changes in inventories of stock-in-trade	2,362	2,751	33,504	6,760	20,354
(d) Employee benefits expense	2,589	3,055	2,770	11,048	12,695
(e) Finance costs	1,834	1,984	2,742	9,043	12,304
(f) Depreciation and amortisation expense	166	173	266	880	1,208
(g) Other expenses	6,920	8,898	8,178	29,592	29,061
<b>Total expenses</b>	<b>31,933</b>	<b>51,439</b>	<b>95,607</b>	<b>213,229</b>	<b>414,645</b>
<b>3 Loss before exceptional items and tax from continuing operations (1 - 2)</b>	<b>(6,566)</b>	<b>(7,654)</b>	<b>(5,289)</b>	<b>(24,034)</b>	<b>(17,061)</b>
4 Exceptional Items gain / (loss) (Refer note 8)	(290)	-	-	1,275	-
<b>5 Loss before tax from continuing operations (3 + 4)</b>	<b>(6,856)</b>	<b>(7,654)</b>	<b>(5,289)</b>	<b>(22,759)</b>	<b>(17,061)</b>
6 Tax expense / (credit)					
(a) Current tax	(33)	41	7	8	7
(b) Deferred tax expense	187	6,022	292	6,209	292
<b>7 Loss for the period from continuing operations (5 - 6)</b>	<b>(7,010)</b>	<b>(13,717)</b>	<b>(5,588)</b>	<b>(28,976)</b>	<b>(17,360)</b>
8 Profit/(loss) before tax from discontinued operations (Refer note 3-6-7)	(66)	152	1,340	405	3,421
9 Profit on disposal of discontinued operations (Refer note 3-7)	45	15,031	-	15,076	959
10 Tax expense of discontinued operations (Refer note 3-6-7)	63	16	142	138	540
<b>11 Net profit / (loss) for the period from discontinued operations (8 + 9 - 10)</b>	<b>(84)</b>	<b>15,167</b>	<b>1,198</b>	<b>15,343</b>	<b>3,840</b>
<b>12 Net profit / (loss) for the period (7 + 11)</b>	<b>(7,094)</b>	<b>1,450</b>	<b>(4,390)</b>	<b>(13,633)</b>	<b>(13,520)</b>
13 Other comprehensive income					
A (i) Items that will not be reclassified to profit or (loss)	(49)	-	(142)	(49)	(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 or (loss)	29	420	(31)	461	543
(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>(20)</b>	<b>420</b>	<b>(173)</b>	<b>412</b>	<b>401</b>
<b>14 Total comprehensive income for the period (12 + 13)</b>	<b>(7,114)</b>	<b>1,870</b>	<b>(4,563)</b>	<b>(13,221)</b>	<b>(13,119)</b>
15 Net profit/(loss) attributable to:					
- Shareholders	(7,094)	1,450	(4,390)	(13,633)	(13,520)
- Non-controlling interests	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total comprehensive income attributable to:					
- Shareholders	(7,114)	1,870	(4,563)	(13,221)	(13,119)
- Non-controlling interests	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
16 Paid-up equity share capital (Face value per share of Rs. 2/- each)	6,584	6,584	6,584	6,584	6,584
17 Reserve as per balance sheet of previous accounting year				(10,798)	3,831
18 Earnings per share for continuing operations (of Rs 2/- each) (not annualised):					
(a) Basic	(2.13)	(4.17)	(1.70)	(8.80)	(5.27)
(b) Diluted	(2.13)	(4.17)	(1.70)	(8.80)	(5.27)
19 Earnings per share for discontinued operations (of Rs 2/- each) (not annualised):					
(a) Basic	(0.03)	4.61	0.36	4.66	1.17
(b) Diluted	(0.03)	4.61	0.36	4.66	1.17
20 Earnings per share for discontinued & continuing operations (of Rs 2/- each) (not annualised):					
(a) Basic	(2.16)	0.44	(1.33)	(4.14)	(4.11)
(b) Diluted	(2.16)	0.44	(1.33)	(4.14)	(4.11)

**Consolidated Balance Sheet** (Rs. In Lakhs)

Particulars	Consolidated	
	As at 31.03.2020 (Audited)	As at 31.03.2019 (Audited)
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	5,362	8,030
Right to use assets	136	-
Other intangible assets	36	668
Goodwill	-	5,497
Capital work-in-progress	-	4
Financial assets		
i. Other financial assets	3,739	7,471
Deferred tax assets (net)	-	6,502
Advance income tax asset (net)	11,625	11,215
Other non-current assets	20,740	19,372
<b>Total non-current assets</b>	<b>41,638</b>	<b>58,759</b>
<b>Current assets</b>		
Inventories	2,791	9,551
Financial assets		
i. Trade receivables	19,394	56,944
ii. Cash and cash equivalents	5,526	9,042
iii. Bank balances other than (ii) above	2,310	14,920
iv. Other financial assets	6,073	10,838
Other current assets	26,698	38,245
<b>Total current assets</b>	<b>62,792</b>	<b>139,540</b>
<b>Disposal group - assets held for sale</b>	<b>265</b>	<b>1,436</b>
<b>Total assets</b>	<b>104,695</b>	<b>199,735</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity share capital	6,584	6,584
Other equity	(10,798)	3,831
Non-controlling interests	(0.00)	(0.00)
<b>Total equity</b>	<b>(4,214)</b>	<b>10,415</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Financial liabilities		
i. Borrowings	2,275	9,908
ii. Lease obligation	161	-
Provisions	446	788
Deferred tax liabilities (net)	-	544
<b>Total non-current liabilities</b>	<b>2,882</b>	<b>11,240</b>
<b>Current liabilities</b>		
Financial liabilities		
i. Borrowings	43,638	49,840
ii. Trade payables	34,729	67,948
iii. Other financial liabilities	7,391	33,504
Other current liabilities	15,834	21,739
Provisions	4,435	4,740
Current tax liabilities (net)	-	309
<b>Total current liabilities</b>	<b>106,027</b>	<b>178,080</b>
<b>Total liabilities</b>	<b>108,909</b>	<b>189,320</b>
<b>Total equity and liabilities</b>	<b>104,695</b>	<b>199,735</b>

## Segment-wise information\*

(Rs. In Lakhs)

Particulars	Three months ended			Year ended	
	31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
	Audited	Unaudited	Audited	Audited	
<b>1. Segment revenue</b>					
- Hardware products and solutions	4,002	3,930	3,012	15,431	15,833
- Services	262	5,342	14,158	26,415	51,622
- Distribution	18,769	38,547	84,503	165,595	372,221
- Learning	-	392	295	537	1,045
Total	23,033	48,211	101,968	207,978	440,721
Less : Intersegment revenue	-	-	918	49	1,494
<b>Revenue from operations</b>	<b>23,033</b>	<b>48,211</b>	<b>101,050</b>	<b>207,929</b>	<b>439,227</b>
<b>2. Segment results (profit / (loss) before tax and interest from each segment)</b>					
- Hardware products and solutions	(259)	(4,389)	(3,808)	(7,952)	(7,312)
- Services	(64)	(191)	1,376	11	4,266
- Distribution	(4,132)	(1,110)	321	(6,023)	1,345
- Learning	(12)	351	434	670	1,062
Total	(4,467)	(5,339)	(1,677)	(13,294)	(639)
Less :					
i) Interest expense	1,834	1,987	2,742	9,062	12,431
ii) Other un-allocable expenditure net off un-allocable (income)	576	(14,855)	(470)	(15,078)	(389)
<b>Total profit / (loss) before tax</b>	<b>(6,877)</b>	<b>7,529</b>	<b>(3,949)</b>	<b>(7,278)</b>	<b>(12,681)</b>
<b>3. Segment assets</b>					
- Hardware products and solutions	36,462	45,767	58,165	36,462	58,165
- Services	-	-	23,691	-	23,691
- Distribution	37,928	58,459	69,470	37,928	69,470
- Learning	235	267	305	235	305
- Unallocated	30,070	30,994	48,104	30,070	48,104
<b>Total assets</b>	<b>104,695</b>	<b>135,487</b>	<b>199,735</b>	<b>104,695</b>	<b>199,735</b>
<b>4. Segment liabilities</b>					
- Hardware products and solutions	30,620	38,485	38,302	30,620	38,302
- Services	-	-	7,958	-	7,958
- Distribution	20,931	35,252	50,334	20,931	50,334
- Learning	449	427	615	449	615
- Unallocated	56,909	58,423	92,111	56,909	92,111
<b>Total liabilities</b>	<b>108,909</b>	<b>132,587</b>	<b>189,320</b>	<b>108,909</b>	<b>189,320</b>

\* includes discontinued operations (refer note 3-6-7)

## 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 June 15, 2020. The statutory auditors have issued review report with unmodified opinion on these results.
- The amounts for the quarter ended March 31, 2020 and March 31, 2019 represent difference between the amounts as per audited year end accounts and the year to date results upto December 31, 2019 and December 31, 2018 respectively and which have been subjected to limited review.
- 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 (a Subsidiary of HCL Infosystems Limited) in HCL Insys Pte Ltd, Singapore (step subsidiary) 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 has been made to PCCW Solutions Ltd for a total consideration of Rs.30,335 lakhs. The transaction was completed on November 15, 2019.

Accordingly, the business operations associated with these transactions have 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 ended	
	31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
	(Rs. In Lakhs)				
Total revenue (including Other income)	260	5,607	13,570	26,694	46,657
Total expenditure	326	5,455	12,230	26,289	43,541
Profit/ (loss) before tax	(66)	152	1,340	405	3,116
Tax expense	63	16	141	138	521
Profit/ (loss) after tax	(130)	136	1,199	266	2,595
Profit on disposal of discontinued operations	45	15,031	-	15,076	-

- As at March 31, 2020, the Group has accumulated losses and its net worth has been fully eroded, the Group has a net loss during the current and previous year and the Group's current liabilities exceeded its current assets by Rs 43,235 lakhs (2019 - Rs. 38,540 Lakhs) as at the balance sheet date. The losses are primarily as a result of delayed receipts on certain system integration contracts, certain historical low margin contracts, slow-down of distribution businesses and finance costs. The Parent Company's management is pursuing strategies which include scale down of loss-making businesses like scaling down of the distribution business (refer note 9), 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 issued a support letter (in the form of corporate guarantee or unsecured loan) to the Company to the extent of Rs. 50,000 lakhs. Considering the above support, the Parent's management and the Board of Directors have a reasonable expectation that the Group 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, the consolidated financial statements have been prepared on a going concern basis.
- The operations and financial results of the company were marginally impacted due to shut down of company's operations across various locations w.e.f. March 23, 2020 as per the directives of both the Central and State Governments in the wake of COVID-19 pandemic. In evaluating the impact of COVID-19 on its ability to continue as a going concern and the possible impact on its financial position, the management has assessed the impact of macro-economic conditions on its business and the carrying value of its major assets comprising of Property, Plant and Equipment (PPE), trade receivables and other balances recoverable. In this regard, the management has carefully considered the circumstances and risk exposures arising from the COVID-19 situation for developing the estimates on the basis of available information in its assessment of impact thereof on its financial reporting. Based on aforesaid assessment, management believes that the Group will continue as a going concern and will be able to meet all of its obligations as well as recover the carrying amount of its aforesaid assets as on March 31, 2020. Management believes that it has taken into account all the possible impact of known events arising from COVID-19 pandemic in the preparation of these financial statements. The impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and actual results may differ materially from these estimates. The Group will continue to monitor any material changes to future economic conditions and any significant impact of these changes would be recognized in the financial statements as and when these material changes to economic conditions arise.

Place : Noida  
Date : June 15, 2020

- 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 Gibraltar Technologies LLC (Dubai), Gibraltar Technologies LLC (Abu Dhabi) and step-down subsidiary Gibraltar Technologies WLL (Qatar) has been transferred to consortium of individuals viz Mr. Ahmed Khalaf Ahmed Khalaf Al Otaiba, 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 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 ended	
	31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
	(Rs. In Lakhs)				
	Audited	Unaudited	Audited	Audited	
Total revenue (including Other income)	-	-	-	-	2,169
Total expenditure	-	-	-	-	2,074
Profit/ (loss) before tax	-	-	-	-	95
Tax expense	-	-	-	-	18
Profit/ (loss) after tax	-	-	-	-	77

- As communicated earlier, 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 QDigi Services Limited on March 31, 2018 and subsequently the entire shareholding of QDigi 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(OC)) in HCL Services Limited to M/s Karvy Data Management Services Limited for a consideration of Rs 112.10 crore (Equity Rs 17.45 crore and OCD Rs 94.65 crore, 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 6(a) & 6(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 ended	
	31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
	(Rs. In Lakhs)				
	Audited	Unaudited	Audited	Audited	
Total revenue (including other income)	-	-	-	-	3,116
Total expenditure	-	-	-	-	2,906
Profit before tax	-	-	-	-	210
Tax expense	-	-	-	-	-
Profit/ (loss) after tax	-	-	-	-	210
Profit on disposal of discontinued operations	-	-	-	-	959

- Exceptional items include :

Particulars	Three months ended			Year to date	
	31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
	(Rs. In Lakhs)				
	Audited	Unaudited	Audited	Audited	
Profit on sale of properties*	-	-	-	1,565	-
Impairment of property	(290)	-	-	(290)	-
Total gain	(290)	-	-	1,275	-

\* Exceptional gain of Rs.1,565 lakhs for year ended 31.03.2020 represents profit on sale of properties situated at Plot No. 10, CTS No. 86 Lohegaon, Viman Nagar, Pune and G-8,9,10, Sector 3, and B-13,14 Sector 8, Noida location under property monetization plan, under which agreement to sale had been approved by Board on 13.05.2019 and 20.05.2019 respectively.

- In view of the current financial stress faced by the Enterprise and Consumer Distribution businesses resulting in decline in sales and increase in losses, the Board had appointed a reputed independent consulting firm to review these businesses. Based on the report of the consulting firm 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 current financial position of the Group, the Distribution businesses of the Group were not financially sustainable. Consequently, the Board recommended that in order to limit future financial losses, the Enterprise and Consumer Distribution Business be gradually scaled down over the next few quarters.
- Financial result for all the period presented have been prepared in accordance with the Companies (Indian accounting standard rule 2015) as amended from time to time prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable.
- Effective April 1, 2019, the Group has adopted Ind AS 116 "Leases", using modified retrospective method. The Group has elected the practical expedients, which allows the Group not to reassess in prior conclusions about lease identification, lease classification and initial direct cost. The comparative information is not restated in the financial results for the current quarter and year to date period, the nature of expenses in respect of operating lease has changed from lease rent in previous period to depreciation cost for the right to use assets and finance cost for interest accrued on lease liability.
- A consolidated statement of cash flow is attached in Annexure A
- 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.

By order of the Board  
for HCL Infosystems Limited

Nikhil Sinha  
Chairman

## Consolidated Statement of Cash Flow for year ended March 31, 2020

(Rs. In Lakhs)

Particulars	Year ended	Year ended
	31.03.2020	31.03.2019
	Audited	Audited
<b>Cash flow from operating activities<sup>^</sup>:</b>		
<b>Loss before tax from continuing and discontinued operations</b>	(7,278)	(12,681)
<b>Adjustments for:</b>		
Depreciation and amortisation expense	1,813	2,194
Finance cost	9,062	12,431
Interest income	(3,474)	(5,814)
Dividend income	-	(174)
Net profit on sale of property, plant and equipment	(10)	(4)
Profit on disposal of discontinued operations	(15,076)	-
Profit on sale of properties	(1,565)	-
Impairment of property, plant and equipment	290	-
Property, plant and equipment written-off	12	-
Profit on disposal of unquoted (others) current investments	-	(335)
Gain on foreign exchange fluctuation	(148)	(173)
Provision for doubtful debts	10,972	6,027
Provision for doubtful loans and advances and other current assets	19	63
Provisions/liabilities no longer required written back	(2,669)	(1,051)
<b>Operating profit before working capital changes</b>	<b>(8,052)</b>	<b>483</b>
<b>Changes in operating assets and liabilities</b>		
- Decrease in trade receivables	18,905	73,669
- Increase in non-current assets	(1,278)	(3,322)
- Decrease / (increase) in current assets	18,772	(10,019)
- Decrease in inventories	6,760	21,811
- Increase / (decrease) in non current liabilities	147	(557)
- Decrease in current liabilities	(28,109)	(39,021)
<b>Cash generated from operations</b>	<b>7,145</b>	<b>43,044</b>
- Taxes (paid)/received (net of tax deducted at source)	(933)	1,019
<b>Net cash generated from operating activities (A)</b>	<b>6,212</b>	<b>44,063</b>
<b>Cash flow from investing activities<sup>^</sup>:</b>		
Proceeds from the sale of investment in subsidiary*	19,638	-
Payment for property, plant and equipment and intangible assets	(119)	(1,007)
Proceeds from sale of properties	2,991	70
Proceeds from sale of investments	-	12,557
Receipt of business consideration on sale of investment in subsidiaries	4,859	1,496
Investments in bank deposits	12,889	(12,676)
Movement in margin money account	(1,526)	(3)
Movement in balances with banks on dividend account	12	50
Dividend received on investments	-	174
Interest received	563	463
<b>Net cash generated from investing activities (B)</b>	<b>39,307</b>	<b>1,124</b>
<b>Cash flow from financing activities<sup>^</sup>:</b>		
Lease obligation paid	(177)	-
Proceeds from loans and borrowings	180,026	127,948
Repayment of loans and borrowings	(219,416)	(163,316)
Interest paid	(9,422)	(12,295)
Unclaimed dividend transferred to investor education and protection fund	(12)	(50)
<b>Net cash used in financing activities (C)</b>	<b>(49,001)</b>	<b>(47,713)</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(3,482)</b>	<b>(2,526)</b>
Opening balance of cash and cash equivalents	9,042	11,582
Exchange difference on translation of foreign currency cash and cash equivalent	(4)	(14)
Effect of exchange differences on translation of foreign operations	(30)	-
<b>Closing balance of cash and cash equivalents</b>	<b>5,526</b>	<b>9,042</b>
<b>Cash and cash equivalents comprise of</b>		
Cash, cheques and drafts (on hand)	15	1,785
Balances with banks on current accounts	5,501	6,524
Balances with banks on deposits accounts	10	733

\* Amount represents proceeds from sale of investment in subsidiary for a total consideration of Rs. 30,335 lakhs. Net cash inflow of Rs. 19,638 lakhs is after adjusting Rs. 9,820 lakhs of cash and cash equivalent balances in the book of subsidiary and Rs. 877 lakhs expenditure incurred on the sale transaction.

<sup>^</sup>Net cash flow attributable to the operating, investing and financing activities of discontinued operations is presented below:

(Rs. In Lakhs)

Particulars	Year ended	Year ended
	31.03.2020	31.03.2019
	Audited	Audited
Operating activities	4,489.84	801.00
Investing activities	(198.25)	(935.43)
Financing activities	(222.21)	-