

HCL Infosystems registers Rs. 11.30 Crores revenue with operating loss of Rs. 5.89 Crores in Q1'FY24

August 10, 2023, New Delhi

Q1' FY24 Business Highlights:

- **Q1'24** revenue was Rs. 11.30 Crores
- Systems Integration and Solutions business reported revenue of Rs. 10.18 Crores*
- Loss Before Tax after considering exceptional items Rs. 5.89 Crores

**Revenue for the quarter ended June 30, 2023, includes one-time change request of Rs 4.79 Crores.*

HCL Infosystems today announced its financial results for the quarter ended Jun 30th, 2023.

Mr. Raj Sachdeva, Manager of HCL Infosystems Ltd, commenting on the results' said, "In Q1'24, The Company's management remained committed to prioritizing actions and initiatives aimed at realizing our long outstanding receivables and minimizing operational losses."

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.

The Company has transferred the leasehold rights of certain immovable properties to various parties between 2019-2022. The consideration received to transfer the same didn't include GST, considering these arrangements as transfer of immovable properties. In absence of adequate clarity, the Company is in the process of evaluating these transactions to assess the applicability of GST considering that the matter is under judicial consideration at various levels with respect to applicability of GST on such transactions. Since the evaluation is ongoing, the Company would consider the appropriate steps to deal with the matter once the evaluation is completed.

Despite all these efforts to reduce debt and losses and the promoter's financial support for the Company, the Company continues to face very challenging conditions. As a consequence, the Company has no ability to invest in any new businesses or in expanding its current operations and consequently the business of the Company will continue to contract for the foreseeable future.

Tax refund

The Company has received a total tax refund of Rs 16.7 Crores during the Q1'FY 24.

Appointment of new Independent Directors

The Board of Directors of the Company in their meeting held today i.e., 10th August, 2023, have appointed Mr. C.V. Raghu and Mr. Kirti Kumar Dawar as Additional Non-Executive Independent Director, not liable to retire by rotation, for a first term of five consecutive years, subject to the approval by the members of the Company in the forthcoming annual general meeting.

Mr. Kaushik Dutta and Ms. Sangeeta Talwar, Independent and non-executive Director (existing directors) will be retiring after completion of their second term on 31st March 2024. As per the listing regulations, the Company is required to fill these vacancies by 31st March 2024 to maintain the minimum number of directors as mentioned in regulation 17 (1)(c) of listing regulation.

These appointments will ensure an overlap for a few boards meetings and give the new directors a chance to benefit from the experience and expertise of all the current board members.

Brief Profile of new directors

Mr. C.V. Raghu was the Group General Counsel (Global Role), Motherson Group. He drove the Legal, Secretarial, Regulatory, Compliance and Governance processes across the globe for the Group. He has rich and varied experience for nearly over three decades in the legal domain that encompasses a diverse set of industries including large business conglomerates like the Max Group, American Express, Hindustan Unilever. He has served on several Boards & Committees since 1998 and also been on the Advisory Board of various Institutions. He holds bachelor's degree in science, LLB from Delhi University and P.G. Diploma in industrial relation and personnel management from Sardar Patel College of communication & Management, New Delhi.

Mr. Kirti Kumar Dawar worked in the Corporate Sector with Shriram Refrigeration Ltd., now SIEL a Charat Ram Group Co., from 1974 to 1983. Afterwards, he became an entrepreneur and is currently managing Jaishree Exports, a Star Export House, exporting rice and other products. He has over 45 years of rich experience in international trade, finance, and investment management. He has an excellent mix of corporate & entrepreneurship world. He holds a master's degree in economics from Delhi University and LLB from Faculty of Law, Delhi University.

Both directors have the background and experience the company needs given the current state of the business and its future plans.

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
	30.06.2023	31.03.2023	30.06.2022	31.03.2023
	Unaudited	Audited	Unaudited	Audited
Income				
Revenue from operations	11.3	8.3	9.1	31.4
Other income	5.4	7.8	4.8	23.4
Total Income	16.7	16.1	14.0	54.7
Expenses				
Purchase of services	1.3	1.0	1.5	4.8
Changes in inventories of stock-in-trade	0.0	0.1	0.0	0.1
Other direct expense	4.1	5.9	2.9	13.7
Employee benefits expense	4.7	4.7	5.5	20.4
Finance costs	0.1	0.1	1.4	1.9
Depreciation and amortisation expense	0.1	0.1	0.2	0.6
Legal, professional and consultancy charges	5.0	7.9	6.2	28.9
Other expenses	7.2	10.8	11.2	36.9
Total expenses	22.6	30.6	28.9	107.4
Loss before exceptional items and tax from continuing operations	(5.9)	(14.6)	(15.0)	(52.7)
Exceptional Items gain	-	9.0	4.9	13.8
Loss before tax from continuing operations	(5.9)	(5.6)	(10.0)	(38.7)
Tax expense / (credit)				
(a) Current tax	-	0.1	-	0.1
(b) Deferred tax expense	-	-	-	-
Loss for the period from continuing operations	(5.9)	(5.7)	(10.0)	(38.8)
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	-	-	-	-
Loss for the period	(5.9)	(5.7)	(10.0)	(38.8)
Other comprehensive income				
A (i) Items that will not be reclassified to profit and loss	-	(0.0)	-	(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	0.0	0.1	0.0	0.4
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-
Total other comprehensive income, net of income tax	0.0	0.1	0.0	0.4
Total comprehensive loss for the period	(5.9)	(5.6)	(10.0)	(38.4)
Basic EPS (Not annualised) Rs/share for discontinued & continuing operations	(0.18)	(0.17)	(0.30)	(1.18)

CONSOLIDATED SEGMENT INFORMATION
(Rs. In Crores)

Particulars	Three months ended			Year ended
	30.06.2023 Unaudited	31.03.2023 Audited	30.06.2022 Unaudited	31.03.2023 Audited
Segment Revenue				
- Hardware Products and Solutions	10.2	7.0	7.6	25.7
- Distribution	1.1	1.3	1.5	5.7
- Learning	-	-	-	-
Total	11.3	8.3	9.1	31.4
Less : Intersegment revenue	-	-	-	-
Net Sales / Income	11.3	8.3	9.1	31.4
Segment results (profit / (loss) before tax and Interest from each segment)				
- Hardware Products and Solutions	(4.0)	(14.2)	(6.8)	(32.5)
- Distribution	(1.3)	0.5	1.1	1.8
- Learning	-	(0.1)	(0.0)	(0.1)
Total	(5.3)	(13.7)	(5.8)	(30.8)
Less :				
i) Interest expense	0.1	0.1	1.4	1.9
ii) Other un-allocable expenditure net off un-allocable (income)	0.4	(8.2)	2.8	6.0
Total Profit / (Loss) before tax	(5.9)	(5.6)	(10.0)	(38.7)
Segment Assets				
- Hardware Products and Solutions	253.6	249.0	168.9	249.0
- Distribution	104.2	105.5	98.8	105.5
- Learning	0.9	0.9	0.8	0.9
- Unallocated	123.2	150.6	148.9	150.6
Total Assets	481.9	505.9	417.4	505.9
Segment Liabilities				
- Hardware Products and Solutions	348.9	351.4	223.7	351.4
- Distribution	30.8	30.2	22.5	30.2
- Learning	0.8	0.8	0.7	0.8
- Unallocated	360.7	377.0	395.6	377.0
Total Liabilities	741.2	759.4	642.4	759.4