

**HCL INFOSYSTEMS LIMITED**  
**Unaudited Consolidated Financial Results for the quarter and six months ended September 30, 2023**  
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**Consolidated Statement of Profit and Loss of HCL Infosystems Limited as per Ind AS:**

(Rs. In Lakhs)

Particulars	Consolidated					
	Three months ended			Year to date		Year end
	30.09.2023	30.06.2023	30.09.2022	30.09.2023	30.09.2022	31.03.2023
	Unaudited	Unaudited	Unaudited	Unaudited		Audited
<b>1 Income</b>						
Revenue from operations	599	1,130	693	1,729	1,605	3,141
Other income	854	542	675	1,396	1,158	2,339
<b>Total Income</b>	<b>1,453</b>	<b>1,672</b>	<b>1,368</b>	<b>3,125</b>	<b>2,763</b>	<b>5,480</b>
<b>2 Expenses</b>						
(a) Purchase of services	113	127	111	240	257	483
(b) Changes in inventories of stock-in-trade	1	2	3	3	5	12
(c) Other direct expense	254	407	175	661	464	1,372
(d) Employee benefits expense	504	473	527	977	1,075	2,039
(e) Finance costs	12	15	32	27	172	193
(f) Depreciation and amortisation expense	14	14	14	28	29	58
(g) Legal, professional and consultancy charges	776	498	678	1,274	1,300	2,889
(h) Other expenses	491	725	837	1,216	1,955	3,692
<b>Total expenses</b>	<b>2,165</b>	<b>2,261</b>	<b>2,377</b>	<b>4,426</b>	<b>5,257</b>	<b>10,738</b>
<b>3 Loss before exceptional items and tax from continuing operations (1 - 2)</b>	<b>(712)</b>	<b>(589)</b>	<b>(1,009)</b>	<b>(1,301)</b>	<b>(2,494)</b>	<b>(5,258)</b>
4 Exceptional items gain (Refer note 3)	1,196	-	-	1,196	487	1,384
<b>5 Profit/(Loss) before tax from continuing operations (3 + 4)</b>	<b>484</b>	<b>(589)</b>	<b>(1,009)</b>	<b>(105)</b>	<b>(2,007)</b>	<b>(3,874)</b>
6 Tax expense / (credit)	-	-	-	-	-	5
(a) Current tax	-	-	-	-	-	-
(b) Deferred tax expense	-	-	-	-	-	-
<b>7 Profit/(Loss) for the period from continuing operations (5 - 6)</b>	<b>484</b>	<b>(589)</b>	<b>(1,009)</b>	<b>(105)</b>	<b>(2,007)</b>	<b>(3,879)</b>
8 Profit / (loss) before tax from discontinued operations	-	-	-	-	-	-
9 Profit / (loss) on disposal of discontinued operations	-	-	-	-	-	-
10 Tax expense / (credit) of discontinued operations	-	-	-	-	-	-
<b>11 Net Profit / (loss) for the period from discontinued operations (8 + 9 - 10)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>12 Net Profit/ (Loss) for the period (7+ 11)</b>	<b>484</b>	<b>(589)</b>	<b>(1,009)</b>	<b>(105)</b>	<b>(2,007)</b>	<b>(3,879)</b>
13 Other comprehensive income						
A (i) Items that will not be reclassified to profit and loss	-	-	-	-	-	(2)
(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	3	3	(6)	6	(5)	42
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-
<b>Total other comprehensive income, net off income tax</b>	<b>3</b>	<b>3</b>	<b>(6)</b>	<b>6</b>	<b>(5)</b>	<b>40</b>
<b>14 Total comprehensive income/ (loss) for the period (12 + 13)</b>	<b>487</b>	<b>(586)</b>	<b>(1,015)</b>	<b>(99)</b>	<b>(2,012)</b>	<b>(3,839)</b>
15 Net Profit/(Loss) attributable to:						
- Shareholders	484	(589)	(1,009)	(105)	(2,007)	(3,879)
- Non-controlling interests	-	-	-	-	-	-
Total comprehensive income attributable to:						
- Shareholders	487	(586)	(1,015)	(99)	(2,012)	(3,839)
- Non-controlling interests	-	-	-	-	-	-
16 Paid-up equity share capital (Face value per share of Rs. 2/-)	6,584	6,584	6,584	6,584	6,584	6,584
17 Reserve as per balance sheet of previous accounting year	-	-	-	-	-	(31,934)
18 Earnings per share for continuing operations (of Rs 2/- each) (not annualised):						
(a) Basic	0.15	(0.18)	(0.31)	(0.03)	(0.61)	(1.18)
(b) Diluted	0.15	(0.18)	(0.31)	(0.03)	(0.61)	(1.18)
19 Earnings per share for discontinued operations (of Rs 2/- each) (not annualised):						
(a) Basic	-	-	-	-	-	-
(b) Diluted	-	-	-	-	-	-
20 Earnings per share for discontinued & continuing operations (of Rs 2/- each) (not annualised):						
(a) Basic	0.15	(0.18)	(0.31)	(0.03)	(0.61)	(1.18)
(b) Diluted	0.15	(0.18)	(0.31)	(0.03)	(0.61)	(1.18)

**Consolidated Balance Sheet of HCL Infosystems Limited as per Ind AS:**

(Rs. In Lakhs)

Particulars	Consolidated	
	As at 30.09.2023 (Unaudited)	As at 31.03.2023 (Audited)
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	242	253
Other intangible assets	30	34
Financial assets		
i. Other financial assets	1,577	1,797
Advance income tax asset (net)	4,846	6,054
Other non-current assets	13,561	13,721
<b>Total non-current assets</b>	<b>20,256</b>	<b>21,859</b>
<b>Current assets</b>		
Inventories	36	39
Financial assets		
i. Investments	3,145	4,425
ii. Trade receivables	2,267	2,540
iii. Cash and cash equivalents	1,460	1,975
iv. Bank balances other than (iii) above	18,018	16,098
v. Other financial assets	699	439
Other current assets	2,728	2,902
Assets held for sale	9	313
<b>Total Current Assets</b>	<b>28,362</b>	<b>28,731</b>
<b>Total assets</b>	<b>48,618</b>	<b>50,590</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity share capital	6,584	6,584
Other equity	(32,033)	(31,934)
Non-controlling interests	(0)	(0)
<b>Total equity</b>	<b>(25,449)</b>	<b>(25,350)</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Financial liabilities		
i. Borrowings	-	-
Provisions	164	168
<b>Total non-current liabilities</b>	<b>164</b>	<b>168</b>
<b>Current liabilities</b>		
Financial liabilities		
i. Borrowings	35,501	35,501
ii. Trade payables	5,641	5,546
iii. Other financial liabilities	685	761
Other current liabilities	27,576	29,081
Provisions	4,500	4,883
<b>Total current liabilities</b>	<b>73,903</b>	<b>75,772</b>
<b>Total liabilities</b>	<b>74,067</b>	<b>75,940</b>
<b>Total equity and liabilities</b>	<b>48,618</b>	<b>50,590</b>

**Segment-wise information of HCL Infosystems Limited as per Ind AS:**

Particulars	Three months ended			Year to date		Year end
	30.09.2023	30.06.2023	30.09.2022	30.09.2023	30.09.2022	31.03.2023
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
<b>1. Segment Revenue</b>						
- Hardware Products and Solutions	491	1,018	554	1,509	1,313	2,574
- Distribution	108	112	139	220	292	567
- Learning	-	-	-	-	-	-
Total	599	1,130	693	1,729	1,605	3,141
Less : Intersegment revenue	-	-	-	-	-	-
<b>Revenue from operations</b>	<b>599</b>	<b>1,130</b>	<b>693</b>	<b>1,729</b>	<b>1,605</b>	<b>3,141</b>
<b>2. Segment results profit / (loss) before tax and interest from each segment</b>						
- Hardware Products and Solutions	(818)	(398)	(445)	(1,215)	(1,126)	(3,250)
- Distribution	139	(132)	35	7	141	180
- Learning	-	-	8	-	5	(7)
Total	(679)	(530)	(402)	(1,208)	(980)	(3,077)
Less :						
i) Interest expense	12	15	32	27	172	193
ii) Other un-allocable expenditure net off un-allocable (income)	(1,175)	44	575	(1,130)	855	604
<b>Total Profit / (Loss) before tax</b>	<b>484</b>	<b>(589)</b>	<b>(1,009)</b>	<b>(105)</b>	<b>(2,007)</b>	<b>(3,874)</b>
<b>3. Segment Assets</b>						
- Hardware Products and Solutions	26,003	25,358	20,968	26,003	20,968	24,895
- Distribution	10,549	10,422	10,708	10,549	10,708	10,546
- Learning	89	89	70	89	70	91
- Unallocated	11,977	12,321	16,069	11,977	16,069	15,058
<b>Total Assets</b>	<b>48,618</b>	<b>48,190</b>	<b>47,815</b>	<b>48,618</b>	<b>47,815</b>	<b>50,590</b>
<b>4. Segment Liabilities</b>						
- Hardware Products and Solutions	34,223	34,891	30,997	34,223	30,997	35,140
- Distribution	3,130	3,084	3,747	3,130	3,747	3,018
- Learning	74	75	45	74	45	78
- Unallocated	36,640	36,074	36,549	36,640	36,549	37,704
<b>Total Liabilities</b>	<b>74,067</b>	<b>74,124</b>	<b>71,338</b>	<b>74,067</b>	<b>71,338</b>	<b>75,940</b>

**Notes**

- Consolidated results include financial results of HCL Infosystems Limited (hereinafter referred to as "the Parent"), HCL Infotech Limited, HCL Investments Pte. Limited, Pimpri Chinchwad eServices Limited and Nurture Technologies FZE (hereinafter together referred to as "the Group"). These results have been prepared in accordance with the Indian Accounting Standard (referred to as "Ind AS") 34 - Interim Financial Reporting 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 November 07, 2023. The statutory auditors have issued unmodified review report on these results.

- As at September 30, 2023, the Group has accumulated losses and its net worth has been fully eroded, the Group's current liabilities exceeded its current assets by Rs 45,541 Lakhs (March 31, 2023 - Rs. 47,041 Lakhs). The losses are primarily a result of delayed receipts on certain system integration contracts, historical low margin contracts and cost of ongoing contract litigations which are at different stages of progression. The management of HCL Infosystems Limited (Parent Company), is pursuing strategies which include scale down of loss-making businesses like scaling down of the distribution business (refer note 6), sale of certain non-core properties (refer note 4) 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 the Parent Company out of total authorized limit of Rs. 1,50,000 Lakhs. This had been approved by the shareholders of the Parent Company, vide their resolution dated September 14, 2017. 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 results have been prepared on a going concern basis.

- Exceptional items include :

Particulars	Three months ended			Year to date		Year end
	30.09.2023	30.06.2023	30.09.2022	30.09.2023	30.09.2022	31.03.2023
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Gain on sale of property, plant and equipments (Refer Note No. 4)	1,196	-	-	1,196	487	1,384
<b>Total gain</b>	<b>1,196</b>	<b>-</b>	<b>-</b>	<b>1,196</b>	<b>487</b>	<b>1,384</b>

- In order to reduce Company's debt obligations, the Company has 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 monetisation plan, during the period ended, September 30, 2023, the Company has disposed one property situated in Chennai, having net carrying amount of Rs.304 Lakhs, for a consideration of Rs. 1,500 Lakhs, resulting an overall gain of Rs. 1,196. ( Rs 1,196 Lakhs for the quarter ended September 30, 2023, Nil for the quarter ended June 30, 2023, Nil for the quarter ended September 30, 2022, Rs 487 Lakhs for the period ended September 30, 2022 and Rs 1,384 Lakhs for the year ended March 31, 2023.

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.

- The Hon'ble National Company Law Tribunal (NCLT) of New Delhi has approved the Scheme of Arrangement providing for the merger of two direct wholly-owned subsidiaries viz. Diglife Distribution and Marketing Services Limited (DDMS) and HCL Learning Limited (Learning) (the "Transferor companies") with and into HCL Infosystems Limited (the "Transferee company") with effect from April 01, 2022, the appointed date. Hon'ble NCLT, vide its order dated August 10, 2022 read with corrigendum dated September 12, 2022 has sanctioned the Scheme.

Since the Transferor Companies were the wholly-owned subsidiaries of the Transferee Company, there was no consideration applicable. The difference between the amounts recorded as investments of the Company (Transferee Company) and the amount of share capital of the aforesaid amalgamating subsidiaries (Transferor Companies) has been adjusted in the Common Control Transaction Capital Reserve in accordance with the guidance under Appendix C of Ind AS 103 "Business Combinations".

- 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 Group, the Distribution businesses of the Group 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.

- Based on the detailed assessment performed by Management which also included, wherever considered necessary, performing reconciliation with the parties, the Group has credited its Statement of Profit and Loss with Rs 343 Lakhs for the quarter ended September 30, 2023, Rs 21 Lakhs for the quarter ended June 30, 2023, Rs 411 Lakhs for the quarter ended September 30, 2022, Rs 364 Lakhs for the period ended September 30, 2023, Rs 659 Lakhs for the period ended September 30, 2022 and Rs 1,091 Lakhs for the year ended March 31, 2023, on account of written back of certain old payables and provisions.

- The Group is facing delays in receipts from the customers, primarily in the System Integration Business, due to which the Group has charged its Statement of Profit and Loss with Nil for the quarter ended September 30, 2023, Nil for the quarter ended June 30, 2023, Rs 106 Lakhs for the quarter ended September 30, 2022, Nil for the period ended September 30, 2023 and Rs 254 Lakhs for the period ended September 30, 2022 and Rs 180 Lakhs for the year ended March 31, 2023 on account of provision for certain receivable balances.

- The Board of Directors of HCL Infosystems Limited in its meeting held on February 10, 2021 had approved to sell the entire shareholding held by HCL Infosystems Limited in HCL Infotech Limited at "Net Asset Value" as on closing date to Novezo Consulting Pvt. Limited, after acquiring the undertaking which shall comprise of the business relating to two specific projects through a business transfer agreement, certain other assets and liabilities through assignment deed and HCL Investments Pte. Limited, Singapore & its step down subsidiary through a share purchase agreement.

However, despite rigorous and best efforts for closure of the deal, the Conditions Precedent were not fulfilled even after lapse of a considerable period from the date of execution of the Share Purchase Agreement. The objective and purpose of the transaction completely changed and given that the changed circumstances created a fundamentally different situation which the Parties never envisaged or agreed to in the first place, the Share Purchase Agreement got frustrated as the object and purpose of executing the Share Purchase Agreement cannot be met and has undergone a fundamental change beyond the contemplation of the parties. Accordingly, the company issued a letter intimating Novezo Consulting Pvt. Limited that the Share Purchase Agreement has been frustrated on March 11, 2023. HCL Infotech Limited will continue to be operated in the ordinary course of business.

Consequent to this development, the unutilized /accumulated GST input tax credit of HCL Infotech Limited has been provided for in books of accounts amounting Rs.879 Lakhs during the quarter ended March 31, 2023 to the extent Company does not foresee business opportunities in near future wherein amount can be utilized.

- HCL Infosystems Limited was awarded the order for supply, installation and commissioning of communication infrastructure, on turnkey basis, for (Commonwealth Games) CWG 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.

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.

- A statement of cash flow is attached in Annexure A

By order of the  
for HCL Infosystems Limited

Nikhil Sinha  
Chairperson  
Date : November 07, 2023

## Consolidated Cash Flow Statement of HCL Infosystems Limited as per Ind AS:

(Rs. In Lakhs)

Particulars	Year to date		Year ended
	30.09.2023	30.09.2022	31.03.2023
	Unaudited	Unaudited	Audited
<b>Cash Flow from Operating Activities:</b>			
<b>Loss before tax from continuing and discontinued operations</b>	(105)	(2,007)	(3,874)
<b>Adjustments for:</b>			
Depreciation and amortisation expense	28	29	58
Finance cost	27	172	193
Interest income on FD & others	(637)	(124)	(476)
Interest on income tax refund	(70)	-	-
Net gains on fair value changes on investments	(54)	49	(80)
Net profit on sale of property, plant and equipment	(1,196)	(488)	(1,386)
Property, plant and equipment written-off	-	-	18
Profit on disposal of unquoted investments	(83)	(219)	(309)
Gain on foreign exchange fluctuation	(67)	(124)	(158)
Provision for doubtful debts	27	425	314
Provision for doubtful loans and advances and other current assets	27	-	99
Provisions/liabilities no longer required written back	(364)	(702)	(1,091)
Provisions for Input tax credit	174	589	1,312
<b>Operating loss before working capital changes</b>	<b>(2,293)</b>	<b>(2,400)</b>	<b>(5,380)</b>
<b>Changes in operating assets and liabilities</b>			
- (Increase) / Decrease in trade receivables	406	(574)	(1,894)
- (Increase) / Decrease in non-current assets	173	(4,884)	351
- (Increase) / Decrease in current assets	(225)	2,198	1,900
- Decrease in inventories	3	5	12
- Increase / (Decrease) in non current liabilities	(6)	40	13
- Increase / (Decrease) in current liabilities	(222)	7,265	11,220
<b>Cash flow from/ (used in) operations</b>	<b>(2,164)</b>	<b>1,650</b>	<b>6,222</b>
- Taxes (paid) / received	1,278	(484)	1,134
<b>Net cash flow from/ (used in) operating activities (A)</b>	<b>(886)</b>	<b>1,166</b>	<b>7,356</b>
<b>Cash flow from investing activities:</b>			
Payment for property, plant and equipment (including intangible assets)	(14)	(39)	(44)
Proceeds from sale of properties	(0)	1,386	3,369
Proceeds from sale of current investments	8,321	2,699	34,762
Purchase of current investments	(6,900)	-	(29,099)
Redemption/(Investments) in bank deposits	(1,517)	137	(11,227)
Movement in margin money account	(196)	468	242
Interest received	637	124	477
<b>Net cash flow from/ (used in) investing activities (B)</b>	<b>331</b>	<b>4,775</b>	<b>(1,520)</b>
<b>Cash Flow from Financing Activities:</b>			
Proceeds from loans and borrowings	14,000	-	35,500
Repayment of loans and borrowings	(14,000)	(5,902)	(41,403)
Interest paid	(27)	(264)	(285)
<b>Net cash used in financing activities (C)</b>	<b>(27)</b>	<b>(6,166)</b>	<b>(6,188)</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(582)</b>	<b>(225)</b>	<b>(352)</b>
Opening balance of cash and cash equivalents	1,975	2,189	2,188
Exchange difference on translation of foreign currency cash and cash equivalent	12	23	87
Effect of exchange differences on translation of foreign operations	55	13	52
<b>Closing balance of cash and cash equivalents</b>	<b>1,460</b>	<b>2,000</b>	<b>1,975</b>
<b>Cash and cash equivalents comprise of</b>			
Cash, cheques and drafts (on hand)	6	6	6
Balances with banks on current accounts	1,443	1,983	1,758
Balances with banks on deposits accounts	11	11	211