

**HCL INFOSYSTEMS LIMITED**  
**Unaudited Standalone Financial Results for the quarter and six months ended September 30, 2023**  
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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		
	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 Income</b>						
Revenue from operations	114	128	154	242	320	608
Other income	389	209	433	598	787	1,367
<b>Total Income</b>	<b>503</b>	<b>337</b>	<b>587</b>	<b>840</b>	<b>1,107</b>	<b>1,975</b>
<b>2 Expenses</b>						
(a) Purchase of services	113	127	102	240	246	453
(b) Changes in inventories of stock-in-trade	-	-	-	-	-	2
(c) Employee benefits expense	146	151	236	297	463	867
(d) Finance costs	13	14	10	27	130	153
(e) Depreciation and amortization expense	14	14	14	28	28	57
(f) Legal, professional and consultancy charges	203	255	276	458	505	949
(g) Other expenses	257	404	581	661	1,101	1,823
<b>Total expenses</b>	<b>746</b>	<b>965</b>	<b>1,219</b>	<b>1,711</b>	<b>2,473</b>	<b>4,304</b>
<b>3 Loss before exceptional items and tax (1 - 2)</b>	<b>(243)</b>	<b>(628)</b>	<b>(632)</b>	<b>(871)</b>	<b>(1,366)</b>	<b>(2,329)</b>
4 Exceptional Items Gain/(loss) (Refer note 2)	727	35	(392)	762	(641)	(1,508)
<b>5 Profit/ (Loss) before tax (3 + 4)</b>	<b>484</b>	<b>(593)</b>	<b>(1,024)</b>	<b>(109)</b>	<b>(2,007)</b>	<b>(3,837)</b>
6 Tax expense	-	-	-	-	-	-
(a) Current tax	-	-	-	-	-	-
(b) Deferred tax expense	-	-	-	-	-	-
<b>7 Net Profit/(Loss) for the period (5 - 6)</b>	<b>484</b>	<b>(593)</b>	<b>(1,024)</b>	<b>(109)</b>	<b>(2,007)</b>	<b>(3,837)</b>
8 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	-	-	-	-	-	-
(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>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>
<b>9 Total comprehensive income/(loss) for the period (7 + 8)</b>	<b>484</b>	<b>(593)</b>	<b>(1,024)</b>	<b>(109)</b>	<b>(2,007)</b>	<b>(3,835)</b>
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						(32,099)
12 Earnings per share (of Rs 2/- each) (not annualised):						
(a) Basic	0.15	(0.18)	(0.31)	(0.03)	(0.61)	(1.17)
(b) Diluted	0.15	(0.18)	(0.31)	(0.03)	(0.61)	(1.17)

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

(Rs. In Lakhs)

Particulars	Standalone	
	As at 30.09.2023 (Unaudited)	As at 31.03.2023 (Audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	241	252
Other intangible assets	30	34
Financial assets		
i. Investments	4	4
ii. Other financial assets	1,404	1,588
Advance income tax (net)	2,032	2,699
Other non-current assets	12,923	13,082
<b>Total non-current assets</b>	<b>16,634</b>	<b>17,659</b>
<b>Current assets</b>		
Inventories	-	-
Financial assets		
i. Investments	2,801	2,522
ii. Trade receivables	247	117
iii. Cash and cash equivalents	886	1,393
iv. Bank balances other than (iii) above	2,742	2,192
v. Loans	2	2
vi. Others financial assets	335	666
Other current assets	412	451
Asset Held for Sale	9	313
<b>Total current assets</b>	<b>7,434</b>	<b>7,656</b>
<b>Total assets</b>	<b>24,068</b>	<b>25,315</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity share capital	6,584	6,584
Other equity	(32,208)	(32,099)
<b>Total equity</b>	<b>(25,624)</b>	<b>(25,515)</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Financial liabilities		
i. Borrowings	-	-
Provisions	85	93
<b>Total non-current liabilities</b>	<b>85</b>	<b>93</b>
<b>Current liabilities</b>		
Financial liabilities		
i. Borrowings	35,500	35,500
ii. Trade payables		
(a) total outstanding dues of micro enterprises and small enterprises	8	8
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	2,227	2,263
iii. Other financial liabilities	379	420
Other current liabilities	737	2,238
Provisions	10,756	10,308
<b>Total current liabilities</b>	<b>49,607</b>	<b>50,737</b>
<b>Total liabilities</b>	<b>49,692</b>	<b>50,830</b>
<b>Total equity and liabilities</b>	<b>24,068</b>	<b>25,315</b>

## Notes

- These unaudited standalone financial results (hereinafter referred as "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.

- Exceptional items include :

Particulars	Three months ended			Year to date		Year ended
	30.09.2023	30.06.2023	30.09.2022	30.09.2023	30.09.2022	31.03.2023
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
a. Gain on sale of property, plant and equipment(Refer note no 8)	1,196	-	-	1,196	487	1,384
b. Reversal/(Provision) for loss in subsidiary #	(469)	35	(392)	(434)	(1,128)	(2,892)
<b>Total Gain / (loss) - (a+b)</b>	<b>727</b>	<b>35</b>	<b>(392)</b>	<b>762</b>	<b>(641)</b>	<b>(1,508)</b>

#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 of 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.

- As at September 30, 2023, the Company has accumulated losses and its net worth has been fully eroded, and the Company's current liabilities exceeded its current assets by Rs. 42,173 Lakhs (March 31, 2023 - Rs. 43,081 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 the Company, is pursuing strategies which include scale down of loss-making businesses like scaling down of the distribution business (refer note 4), sale of certain non-core properties (refer note 8) 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 Company 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 Company's 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 and liabilities as they fall due in the near future in the normal course of business. Accordingly, these financial results have been prepared on a going concern basis.
- 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 company, the Distribution businesses of the company 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.
- As per Ind AS 108 'Operating Segments', the Company has disclosed the segment information only as part of the consolidated financial results.
- 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. Digilife 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 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 175 Lakhs for the quarter ended September 30, 2023, Rs Nil for the quarter ended June 30, 2023, Rs 318 Lakhs for the quarter ended September 30, 2022, Rs 175 Lakhs for the period ended September 30, 2023, Rs 535 Lakhs for the period ended September 30, 2022 and Rs 756 Lakhs for the year ended March 31, 2023, on account of written back of certain old payables and provisions.
- 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 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.

- 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 Board  
for HCL Infosystems Limited

Nikhil Sinha  
Chairperson  
Date : November 07, 2023

## Standalone 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</b>	(109)	(2,007)	(3,837)
<b>Adjustments for:</b>			
Depreciation and amortisation expense	28	28	57
Finance cost	27	130	153
Interest income	(126)	(79)	(178)
Interest on income tax refund	(61)	-	-
Net gains (losses) on fair value changes on investments	(42)	88	(20)
Net profit on sale of properties	(1,196)	(488)	(1,385)
Property, plant and equipment written-off	-	-	18
Gain on sale of investment carried at FVTPL	(43)	(163)	(117)
Provision for Loss in subsidiary	434	1,128	2,892
Gain on foreign exchange fluctuation	(16)	(18)	(71)
Provision for doubtful debts	-	172	134
Provisions for Input tax credit	174	275	225
Provisions for doubtful other current assets	27	-	78
Provisions/liabilities no longer required written back	(175)	(578)	(756)
<b>Operating loss before working capital changes</b>	(1,078)	(1,512)	(2,807)
<b>Changes in operating assets and liabilities</b>			
- Decrease / (Increase) in trade receivables	30	(163)	(138)
- Decrease / (Increase) in non-current assets	174	(3)	234
- Decrease / (Increase) in current assets	171	2,839	(245)
- Decrease in inventories	-	-	2
- Increase / (decrease) in non current liabilities	(8)	3	15
- Increase / (decrease) in current liabilities	(49)	(3,308)	(1,570)
<b>Cash flow used in operations</b>	(760)	(2,144)	(4,509)
- Taxes (paid) / received	728	(127)	1,551
<b>Net cash flow used in operating activities (A)</b>	(32)	(2,271)	(2,957)
<b>Cash flow from investing activities:</b>			
Purchase of properties plant and equipments and intangible assets	(14)	(23)	(53)
Capital work-in-progress (including intangible assets under development)	-	(18)	9
Proceeds from sale of properties	-	1,385	3,342
Proceeds from sale of short term investments	6,560	6,498	21,106
Purchase of current investments	(6,750)	-	(15,599)
Interest received	126	79	178
Redemption/ (Investment) of bank deposits (net)	(382)	527	352
Gain on sale of investment carried at FVTPL	-	163	-
Inter corporate deposits given	-	(1)	(2)
<b>Net cash flow from/ (used in) investing activities (B)</b>	(460)	8,610	9,333
<b>Cash Flow from Financing Activities:</b>			
Proceeds from loans and borrowings	14,000	-	35,500
Repayment of loans and borrowings	(14,000)	(5,903)	(41,404)
Interest paid	(27)	(222)	(245)
<b>Net cash flow used in financing activities (C)</b>	(27)	(6,125)	(6,149)
<b>Net increase/ (decrease) in cash and cash equivalents (A+B+C)</b>	(519)	214	226
Opening balance of cash and cash equivalents	1,393	1,079	1,080
Exchange difference on translation of foreign currency cash and cash equivalent	12	(34)	87
<b>Closing balance of cash and cash equivalents</b>	<b>886</b>	<b>1,259</b>	<b>1,393</b>
<b>Cash and cash equivalents comprise of</b>			
Cash, cheques and drafts (on hand)	-	-	-
Balances with banks on current accounts	886	1,259	1,193
Balances with banks on deposits accounts	-	-	200