

5<sup>th</sup> November, 2019

To

<b>The General Manager</b> Department of Corporate Relations BSE Limited Sir Phiroze Jeejeebhoy Towers Dalal Street Fort Mumbai 400 001	<b>The Vice President</b> Listing Department The National Stock Exchange of India Limited Exchange Plaza Bandra Kurla Complex Bandra (East) Mumbai 400 051
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**Sub: Unaudited Financial Results for the quarter ended 30<sup>th</sup> September, 2019 as per Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

**Symbol: NSE : HCL-INSYS**  
**BSE (For Physical Form): 179**  
**BSE (For Demat Form): 500179**

Dear Sirs,

This is further to our letter dated 24<sup>th</sup> October, 2019 on the above subject.

In terms of the requirements of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith unaudited Financial Results of the Company on standalone and consolidated basis for the quarter and six months ended 30<sup>th</sup> September, 2019 which have been taken on record at the meeting of the Board of Directors of the Company held today i.e., 5<sup>th</sup> November, 2019.

We are arranging to publish the results in the newspapers.

Please acknowledge receipt.

Very Truly Yours,  
**For HCL Infosystems Limited**

**Sushil Kumar Jain**  
**Company Secretary & Compliance Officer**

Encl: As above.



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

Particulars	Standalone						Year ended 31.03.2019 Audited
	Three months ended		Year to date		Year ended		
	30.09.2019 Unaudited	30.06.2019 Unaudited	30.09.2019 Unaudited	30.09.2018 Unaudited	30.09.2019 Unaudited	31.03.2019 Audited	
<b>1</b>	<b>Income</b>						
	Revenue from operations	54,111	53,086	1,07,197	1,87,074	3,58,145	
	Other income	1,044	1,054	2,098	2,946	6,007	
	<b>Total Income</b>	<b>55,155</b>	<b>54,140</b>	<b>1,09,295</b>	<b>1,90,020</b>	<b>3,64,152</b>	
<b>2</b>	<b>Expenses</b>						
(a)	Cost of materials consumed				4	4	
(b)	Purchase of stock-in-trade	51,723	50,721	1,02,444	1,69,153	3,25,172	
(c)	Changes in inventories of finished goods and stock-in-trade	535	569	1,104	11,112	19,350	
(d)	Employee benefits expense	1,303	1,350	2,653	3,614	6,588	
(e)	Finance costs	2,440	2,385	4,825	5,213	10,337	
(f)	Depreciation and amortisation expense	205	225	430	449	838	
(g)	Other expenses	1,764	1,650	3,414	4,697	9,173	
	<b>Total expenses</b>	<b>57,970</b>	<b>56,900</b>	<b>1,14,870</b>	<b>1,94,242</b>	<b>3,71,462</b>	
<b>3</b>	<b>Profit / (loss) before exceptional items and tax (1 - 2)</b>	<b>(2,815)</b>	<b>(2,760)</b>	<b>(5,575)</b>	<b>(4,222)</b>	<b>(7,310)</b>	
4	Exceptional items (loss) / gain (Refer note 3)	(1,010)	(733)	(1,743)	(2,874)	(13,323)	
<b>5</b>	<b>Profit / (loss) before tax (3 + 4)</b>	<b>(3,825)</b>	<b>(3,493)</b>	<b>(7,318)</b>	<b>(7,096)</b>	<b>(20,633)</b>	
6	Tax expense / (credit)	-	-	-	-	-	
	(a) Current tax	-	-	-	-	-	
	(b) Deferred tax expense / (credit)	-	-	-	-	-	
<b>7</b>	<b>Net Profit / (loss) for the period (5 - 6)</b>	<b>(3,825)</b>	<b>(3,493)</b>	<b>(7,318)</b>	<b>(7,096)</b>	<b>(20,633)</b>	
8	Other comprehensive income	-	-	-	-	(99)	
A	(i) Items that will not be reclassified to profit and loss	-	-	-	-	-	
	(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>9</b>	<b>Total other comprehensive income / (loss), net of income tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(99)</b>	
<b>10</b>	<b>Total comprehensive income for the period (7 + 8)</b>	<b>(3,825)</b>	<b>(3,493)</b>	<b>(7,318)</b>	<b>(7,096)</b>	<b>(20,732)</b>	
11	Paid-up equity share capital (Face value per share in Rs. 2/-)	6,584	6,584	6,584	6,584	6,584	
12	Reserve as per balance sheet of previous accounting year					21,299	
	Earnings per share (of Rs 2/- each) (not annualised):						
(a)	Basic	(1.16)	(1.06)	(2.22)	(2.16)	(6.27)	
(b)	Diluted	(1.16)	(1.06)	(2.22)	(2.16)	(6.27)	



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Particulars	Standalone	
	As at 30.09.2019 (Unaudited)	As at 31.03.2019 (Audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	5,558	5,824
Right to use Assets	133	-
Capital work-in-progress	13	4
Other intangible assets	55	94
<b>Financial assets</b>		
i. Investments	4	4
ii. Other financial assets	2,307	7,168
Deferred tax assets (net)	6,355	6,355
Advance income tax (net)	3,059	4,195
Other non-current assets	19,926	18,330
<b>Total non-current assets</b>	<b>37,410</b>	<b>41,974</b>
<b>Current assets</b>		
Inventories	7,411	8,530
<b>Financial assets</b>		
i. Investments	44,287	37,955
ii. Trade receivables	2,477	10,282
iii. Cash and cash equivalents	4,533	5,248
iv. Bank balances other than (iii) above	55,669	51,559
v. Loans	6,922	7,271
vi. Others financial assets	5,390	5,501
<b>Total current assets</b>	<b>1,26,689</b>	<b>1,26,346</b>
<b>Assets held for sale</b>		
<b>Total assets</b>	<b>1,64,099</b>	<b>1,69,746</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity share capital	6,584	6,584
Other equity	13,982	21,299
<b>Total equity</b>	<b>20,566</b>	<b>27,883</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Financial liabilities	5,941	9,440
i. Borrowings	138	-
ii. Lease obligation	650	602
Provisions	6,729	10,042
<b>Total non-current liabilities</b>	<b>6,729</b>	<b>10,042</b>
<b>Current liabilities</b>		
Financial liabilities	61,084	49,499
i. Borrowings	59,958	52,228
ii. Trade payables	13,305	26,444
iii. Other financial liabilities	1,864	2,899
Other current liabilities	593	751
Provisions	1,36,804	1,31,821
<b>Total current liabilities</b>	<b>1,43,533</b>	<b>1,41,863</b>
<b>Total liabilities</b>	<b>1,64,099</b>	<b>1,69,746</b>



Standalone 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
<b>Cash Flow from Operating Activities:</b>			
Loss before tax	(7,318)	(7,096)	(20,633)
Adjustments for:	-	-	-
Depreciation and amortisation expense	430	449	838
Finance cost	4,825	5,213	10,337
Interest income	(1,308)	(1,212)	(2,693)
Dividend income	-	(115)	(165)
Net profit on sale of property, plant and equipment	(1,565)	(5)	(3)
Property, plant and equipment written-off	11	-	-
Gain on sale of investment carried at FVTPL	-	(164)	(334)
Diminution other than temporary in the value of long term investment	-	-	5,605
Provision against inter Company deposits given to subsidiaries	3,309	3,039	7,883
Exchange difference on translation of foreign currency cash and cash equivalent	11	8	10
Provisions/liabilities no longer required written back	(64)	(230)	(418)
<b>Operating profit before working capital changes</b>	<b>(1,669)</b>	<b>(113)</b>	<b>427</b>
<b>Changes in operating assets and liabilities</b>			
- Decrease / (Increase) in trade receivables	(6,332)	(12,429)	18,318
- Increase in non-current assets	(1,594)	(10,795)	(10,940)
- Increase in current assets	915	(3,269)	2,656
- (Increase) / decrease in inventories	1,118	11,113	19,327
- Increase in non current liabilities	47	275	146
- Increase / (decrease) in current liabilities	5,717	22,901	(14,841)
<b>Cash used in operations</b>	<b>(1,798)</b>	<b>7,683</b>	<b>15,093</b>
- Taxes (paid) / received	1,136	(540)	(1,594)
<b>Net cash used in operating activities (A)</b>	<b>(662)</b>	<b>7,143</b>	<b>13,499</b>
<b>Cash flow from investing activities:</b>			
Purchase of fixed assets (including intangible assets)	(24)	(23)	(64)
Capital work-in-progress (including intangible assets under development)	-	-	-
Proceeds from sale of fixed assets	2,979	27	55
Proceeds from sale of current investments	-	-	11,053
Purchase of current investments	-	(486)	-
Interest received	1,283	1,242	2,805
Redemption/maturity of bank deposits (with original maturity of more than three months)	1,484	900	(4,038)
Movement in margin money account	(781)	20	(12)
Movement in balances with banks on dividend account	12	16	50
Dividend received on current investments	-	115	165
Inter corporate deposits given	(28,904)	(23,645)	(50,997)
Inter corporate deposits received back	21,386	37,241	59,338
Sale of investment in subsidiary	4,858	-	1,496
<b>Net cash (used in) / from investing activities (B)</b>	<b>2,293</b>	<b>15,407</b>	<b>19,851</b>
<b>Cash Flow from Financing Activities:</b>			
Share capital issued	-	-	-
Securities premium received (net)	-	-	-
Proceeds from loans and borrowings	91,205	48,440	1,27,490
Repayment of loans and borrowings	(95,680)	(65,544)	(1,44,905)
Interest paid	(4,938)	(5,040)	(10,141)
Dividend paid	(12)	(16)	(50)
<b>Net cash from financing activities (C)</b>	<b>(9,425)</b>	<b>(22,160)</b>	<b>(27,606)</b>
<b>Net Increase/ (Decrease) in cash and cash equivalents (A+B+C)</b>	<b>(7,794)</b>	<b>390</b>	<b>5,743</b>
Opening balance of cash and cash equivalents	10,282	4,549	4,549
Exchange difference on translation of foreign currency cash and cash equivalent	(11)	(8)	(10)
Closing balance of cash and cash equivalents	2,477	4,931	10,282
<b>Cash and cash equivalents comprise of</b>	<b>2,477</b>	<b>4,931</b>	<b>10,282</b>
Cash, cheques and drafts (on hand)	570	1,753	1,778
Balances with banks on current accounts	1,882	3,178	2,121
Balances with banks on deposits accounts	25	-	6,383



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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 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 and Mr. Abdul Qadir Bukhari on November 27, 2018 for a consideration of AED 34 lakhs (approximately equivalent Rs 650 lakhs).

3. Exceptional items include :

Particulars	Three months ended						Year to date		Year ended 31.03.2019 Audited
	30.09.2019		30.06.2019		30.09.2018		30.09.2018		
	Unaudited	624	Unaudited	1,565	Unaudited	Unaudited	Unaudited	Audited	
a. Profit on sale of property, plant and equipments*	-	-	-	-	-	-	-	-	(5,605)
b. Impairment of investment in Digitlife Distribution and Marketing Services Limited	(1,951)	(1,357)	(1,414)	(3,308)	(3,038)	(7,882)			
c. Provision against loan given to subsidiary	-	-	(0)	-	164	164			
d. Gain on sale of subsidiary	(1,010)	(733)	(1,414)	(1,743)	(2,874)	(13,323)			
<b>Total (a+b+c+d) - gain / (loss)</b>									

\* 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 G-8,9,10, 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.

4. 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 Infosys Pte Ltd, Singapore 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 PCCW 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.

5. 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.



Place : Noida  
Date : November 05, 2019

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6. As communicated earlier, pursuant to the approval by the Board of Directors of the Company in its meeting held on February 9, 2018, the Company has divested its investments (both Equity and Optionally Convertible Debentures(OCDD)) in HCL Services Limited to Karvy 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 Quess Corp Limited)
- IT & Facility unit (transferred to HCL Infosystems Limited)
- Investment in HCL Infosys PTE Limited, Singapore including its subsidiaries (transferred to HCL Learning Limited)

7. As at 30th September 2019, the Company has net current liabilities of Rs. 10,115 lakhs and a loss of Rs. 7,318 lakhs for the six month period then ended. The losses of the Company have resulted in erosion of total shareholders' equity to Rs 20,566 lakhs. Further, the Company 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 Infosys Pte Ltd (see note 4), 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.

8. Effective April 1, 2019, the Company adopted Ind AS 116 "Leases", applied to all lease contracts existing on April 1, 2019 using the modified retrospective method. The Company 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.233 lakhs. The adoption of this standard did not have any significant impact on the profit/loss for the period and earnings per share.

9. 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  
*(Handwritten signature)*  
Rangarajan Rajgavan  
Managing Director



# B S R & Associates LLP

Chartered Accountants

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To  
Board of Directors of **HCL Infosystems Limited**

1. We have reviewed the accompanying Statement of unaudited standalone financial results of **HCL Infosystems Limited** ("the Company") for the quarter ended 30 September 2019 and year to date results for the period from 1 April 2019 to 30 September 2019 ("the Statement").
2. This Statement, which is the responsibility of the Company's management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. Our responsibility is to issue a report on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with applicable accounting standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. We draw attention to Note 7 to the Statement, which indicates that the Company has incurred net losses during the six month period ended 30 September 2019 and, as of that date, the Company's current liabilities exceeded its current assets. As stated in the Note 7, certain matters indicate that a material uncertainty may exist that may cast doubt on Company's ability to continue as a going concern, management is taking strategic and operational actions mitigating such doubt/uncertainty.

Our conclusion is not modified in respect of this matter.

For **B S R & Associates LLP**  
Chartered Accountants  
Firm's Registration No. 116231W/W-100024



**Manish Gupta**  
Partner

Membership Number: 095037

UDIN: 19095037AAAAES2200

Place: Gurugram  
Date : 05 November 2019



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

Particulars	Consolidated						Year ended 31.03.2019 Audited
	Three months ended			Year to date			
	30.09.2019 Unaudited	30.06.2019 Unaudited	30.09.2018 Unaudited	30.09.2019 Unaudited	30.09.2018 Unaudited	31.03.2019 Audited	
1	Income						
	Revenue from operations	58,177	57,696	97,637	1,15,873	2,00,426	3,87,475
	Other income	2,400	1,770	2,351	4,170	4,908	10,108
	Other income	60,577	59,466	99,988	1,20,043	2,05,334	3,97,583
2	Expenses						
(a)	Cost of materials consumed	51,650	51,616	91,447	1,03,266	1,79,985	3,42,369
(b)	Change in stock-in-trade	592	1,055	1,607	1,647	8,424	20,354
(c)	Change in inventories of finished goods and stock-in-trade	2,738	2,666	3,323	5,404	6,645	12,575
(d)	Employee benefits expense	2,550	2,675	3,018	5,225	6,330	12,304
(e)	Finance costs	245	286	316	541	641	1,208
(f)	Depreciation and amortisation expense	7,863	5,911	13,774	11,499	25,830	59,372
(g)	Other expenses	65,638	64,219	1,03,774	1,29,857	1,14,528	4,14,644
	Total expenses	(6,061)	(4,753)	(3,786)	(9,814)	(8,194)	(17,061)
3	Profit / (loss) before exceptional items and tax from continuing operations (1 - 2)	941	624	1,565	1,565	1,565	1,565
4	Exceptional items (loss) / gain (Refer note 8)	(4,120)	(4,120)	(3,786)	(8,249)	(8,194)	(17,061)
5	Profit / (loss) before tax from continuing operations (3 + 4)	-	-	(9)	-	(10)	7
6	Tax expense / (credit)	-	-	-	-	-	283
7	Net Profit / (loss) for the period from continuing operations (5 - 6)	(4,120)	(4,120)	(3,777)	(8,249)	(8,194)	(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) for 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)	(3,987)	(3,300)	(7,989)	(6,169)	(13,520)
13	Other comprehensive income	23	(11)	556	12	887	543
	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 and loss	23	(11)	556	12	887	543
	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	-	-	-	-	-	-
14	Total other comprehensive income, net of income tax	(3,969)	(4,008)	(2,744)	(7,977)	(6,272)	(13,119)
15	Net Profit/(Loss) attributable to:						
	- Shareholders	(3,992)	(3,987)	(3,300)	(7,989)	(6,159)	(13,520)
	- Non-controlling interests	(0,000)	(0,000)	(0,000)	(0,000)	(0,000)	(0,000)
16	Total comprehensive income attributable to:						
	- Shareholders	(3,969)	(4,008)	(2,744)	(7,977)	(6,272)	(13,119)
	- Non-controlling interests	(0,000)	(0,000)	(0,000)	(0,000)	(0,000)	(0,000)
17	Reserve as per balance sheet of previous accounting year	6,584	6,584	6,584	6,584	6,584	6,584
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

Particulars	Consolidated	
	As at 30.09.2019 (Unaudited)	As at 31.03.2019 (Audited)
<b>ASSETS</b>		
Non-current Assets	6,109	8,030
Property, plant and equipment	199	4
Right to use Assets	13	5,487
Capital work-in-progress	56	668
Goodwill	2,524	7,471
Other intangible assets	6,502	6,502
Financial assets	9,652	11,215
Deferred tax assets (net)	21,000	19,372
Advance income tax asset (net)	46,055	58,759
Total non-current assets	78,889	9,551
Current assets		
Inventories	50,656	56,943
Financial assets	2,396	19,425
i. Investments	5,840	8,537
ii. Trade receivables	9,035	10,838
iii. Cash and cash equivalents	38,806	38,245
iv. Bank balances other than (iii) above	1,12,624	1,39,539
v. Other financial assets	24,328	1,437
Other current assets	1,83,007	1,99,735
Total current assets	1,83,007	1,99,735
Total assets	1,61,896	1,61,896
<b>EQUITY AND LIABILITIES</b>		
Equity		
Equity share capital	6,584	6,584
Other equity	(4,152)	3,831
Non-controlling interests	(0,000)	(0,000)
Total equity	2,432	10,415
LIABILITIES		
Non-current liabilities		
Financial liabilities	5,941	9,908
i. Borrowings	207	-
ii. Lease obligation	854	788
Provisions	283	544
Deferred tax liabilities (net)	7,295	11,240
Total non-current liabilities	7,295	11,240
Current liabilities		
Financial liabilities	63,461	49,840
i. Borrowings	63,599	67,995
ii. Trade payables	13,993	33,457
iii. Other financial liabilities	1,269	2,729
Other current liabilities	5,696	4,740
Provisions	-	309
Current tax liabilities (net)	-	-
Total current liabilities	69,160	76,271
Total equity and liabilities	1,61,896	1,61,896



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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
<b>Cash Flow from Operating Activities:</b>			
<b>Loss before tax</b>	(7,930)	(6,969)	(12,681)
<b>Adjustments for:</b>			
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)
<b>Operating profit before working capital changes</b>	<b>(2,821)</b>	<b>(2,542)</b>	<b>657</b>
<b>Changes in operating assets and liabilities</b>			
- 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)
<b>Cash used in operations</b>	<b>(4,530)</b>	<b>18,373</b>	<b>37,694</b>
- Taxes (paid) / received	1,296	8,452	1,019
<b>Net cash used in operating activities (A)</b>	<b>(3,234)</b>	<b>26,825</b>	<b>38,713</b>
<b>Cash flow from investing activities:</b>			
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
<b>Net cash (used in) / from investing activities (B)</b>	<b>12,055</b>	<b>2,870</b>	<b>12,857</b>
<b>Cash Flow from Financing Activities:</b>			
Share capital issued	-	-	-
Securities premium received (net)	-	-	-
Proceeds from loans and borrowings	93,162	47,545	1,27,948
Repayment of loans and borrowings	(1,02,466)	(73,133)	(1,63,316)
Interest paid	(5,412)	(6,309)	(12,295)
Dividend paid	(12)	(16)	(50)
<b>Net cash from financing activities (C)</b>	<b>(14,728)</b>	<b>(31,913)</b>	<b>(47,713)</b>
<b>Net Increase/ (Decrease) in cash and cash equivalents (A+B+C)</b>	<b>(5,907)</b>	<b>(2,218)</b>	<b>3,857</b>
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)
<b>Closing balance of cash and cash equivalents</b>	<b>9,480</b>	<b>9,369</b>	<b>15,425</b>
<b>Cash and cash equivalents comprise of</b>	<b>9,480</b>	<b>9,369</b>	<b>15,425</b>
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



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Segment-wise information

Particulars	Three months ended		Year to date		Year ended	
	30.09.2019	30.09.2018	30.09.2018	30.09.2019	31.03.2019	31.03.2019
	Unaudited	Unaudited	Unaudited	Unaudited	Audited	Audited
<b>1. Segment Revenue</b>						
- Hardware Products and Solutions	3,562	3,810	7,424	7,638	13,451	13,451
- Services	10,465	10,421	20,886	26,434	54,004	54,004
- Distribution	54,466	53,813	1,08,279	1,92,182	3,72,221	3,72,221
- Learning	20	20	319	145	210	210
Total	68,618	68,116	1,36,734	2,26,573	4,40,721	4,40,721
Less: Intersegment revenue	20	29	44	54	1,494	1,494
Less: Revenue from operations	68,598	68,087	1,36,685	2,26,019	4,39,227	4,39,227
<b>2. Segment results (profit / (loss) before tax and interest from each segment)</b>						
- Hardware Products and Solutions	(1,974)	(856)	(3,288)	(2,065)	(7,302)	(7,302)
- Services	112	138	250	2,203	4,256	4,256
- Distribution	(222)	285	(781)	506	1,345	1,345
- Learning	167	164	331	111	1,062	1,062
Total	(1,917)	(1,571)	(3,488)	755	(639)	(639)
Less: Interest expense	2,558	2,683	3,095	5,241	12,431	12,431
Other un-allocable expenditure net of un-allocable (income)	(515)	(284)	(799)	106	(389)	(389)
<b>Total Profit / (Loss) before tax</b>	<b>(3,960)</b>	<b>(3,970)</b>	<b>(7,930)</b>	<b>(6,010)</b>	<b>(12,681)</b>	<b>(12,681)</b>
<b>3. Segment Assets</b>						
- Hardware Products and Solutions *	49,275	55,630	76,547	76,547	58,165	58,165
- Services	23,670	23,799	22,793	22,793	23,691	23,691
- Distribution	79,956	80,181	1,12,422	73,956	1,12,422	69,470
- Learning	251	266	360	251	305	305
- Unallocated	35,855	44,108	54,683	35,855	48,104	48,104
Total Assets	1,83,007	2,03,984	2,66,805	1,83,007	1,99,735	1,99,735
<b>4. Segment Liabilities</b>						
- Hardware Products and Solutions *	37,402	36,425	48,214	48,214	38,302	38,302
- Services	7,598	8,230	7,598	8,230	7,958	7,958
- Distribution	48,474	52,145	95,199	48,474	50,334	50,334
- Learning	468	556	1,103	488	615	615
- Unallocated	86,613	1,00,200	95,797	86,613	92,110	92,110
Total Liabilities	1,80,575	1,97,576	2,48,543	1,80,575	1,89,319	1,89,319

\* Refer Note (2-5)

- 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 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 Khalid Ahmed Khalaf Al Othabi, Mr. Syed Mohammed Bukhari, Mr. Khadeer Peer Shaifir 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	30.09.2018	30.09.2018	30.09.2019	31.03.2019	31.03.2019
	Unaudited	Unaudited	Unaudited	Unaudited	Audited	Audited
Total revenue (including Other income)	-	827	-	1,637	2,169	2,169
Total expenditure	-	767	-	1,576	2,074	2,074
Profit / (loss) before tax	-	60	-	61	95	95
Tax expense	-	11	-	18	18	18
Profit / (loss) after tax	-	49	-	43	77	77

3(a) 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 Quesq Corp Limited on April 11, 2018.

3(b) 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 Kany 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 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 Quesq Corp Limited)
  - IT & Facility unit (transferred to HCL Infosystems Limited)
  - Investment in HCL Infosys PTE Limited, Singapore including its subsidiaries (transferred to HCL Learning Limited)



Place : Noida  
Date : November 05, 2019

4. Pursuant to 3(e) & 3(f) 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	31.03.2019	31.03.2019
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Total revenue (including Other income)	-	-	-	-	3,116	3,116
Total expenditure	-	-	-	-	2,906	2,906
Profit / (loss) before exceptional items and tax	-	-	-	-	210	210
Exceptional items loss / (gain)	-	-	-	-	959	959
Profit / (loss) before tax	-	-	-	-	1,169	1,169
Tax expense	-	-	-	-	-	-
Profit / (loss) after tax	-	-	-	-	1,169	1,169

5. 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 Infosys 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 PCCW Solutions Ltd. This 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	31.03.2019	31.03.2019
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Total revenue (including Other income)	10,429	10,388	10,794	20,827	46,657	46,657
Total expenditure	10,269	10,239	10,301	20,508	19,927	19,927
Profit / (loss) before exceptional items and tax	160	159	493	319	730	730
Exceptional items loss / (gain)	-	-	-	-	954	954
Profit / (loss) before tax	160	159	493	319	954	954
Tax expense	32	27	65	59	141	141
Profit / (loss) after tax	128	132	428	260	813	813
Total assets	-	-	-	-	24,328	24,328
Total liabilities	-	-	-	-	8,714	8,714

Particulars	Year to date		Year ended	
	30.09.2019	30.09.2018	31.03.2018	31.03.2018
	Unaudited	Unaudited	Audited	Audited
Cash flow / (used) from operating activities	974	473	2,518	2,518
Cash flow / (used) from investing activities	(1,353)	(607)	(577)	(577)
Cash flow / (used) from financing activities	-	0	0	0

6. 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 Infosys 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.

7. 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	31.03.2019	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, CTIS No. 89 Lonegroom, Viman Nagar, Pune and G-8.9.10, 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.

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

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

for HCL Infosystems Limited  
  
 Ranarajan Rajanathan  
 Managing Director



# B S R & Associates LLP

Chartered Accountants

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To

Board of Directors of **HCL Infosystems Limited**

1. We have reviewed the accompanying Statement of unaudited consolidated financial results of **HCL Infosystems Limited** ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), for the quarter ended 30 September 2019 and year to date results for the period from 1 April 2019 to 30 September 2019 ("the Statement"), being submitted by the Parent pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').
2. This Statement, which is the responsibility of the Parent's management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the Listing Regulations, to the extent applicable.

4. The Statement includes the results of the following entities:

Parent entity

- a) HCL Infosystems Limited

Subsidiaries

- a) HCL Infotech Limited
- b) Digilife Distribution and Marketing Services Limited
- c) HCL Learning Limited
- d) HCL Insys Pte. Limited
- e) HCL Investment Pte. Limited
- f) Pimpri Chinchwad eServices Limited
- g) Nurture Technologies FZE

5. Based on our review conducted and procedures performed as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.



**B S R & Associates LLP**

6. We draw attention to Note 6 to the Statement, which indicates that HCL Infosystems Limited and its subsidiaries (together referred to as "the Group") have incurred net losses during the six month period ended 30 September 2019 and, as of that date, its current liabilities exceeded its current assets. As stated in Note 6, certain matters indicate that a material uncertainty may exist that may cast doubt on its ability to continue as a going concern, management is taking strategic and operational actions mitigating such doubt/uncertainty.

Our conclusion is not modified in respect of this matter.

7. The Statement includes the interim financial information of three subsidiaries which have not been reviewed, whose interim financial information reflect total assets of Rs. 2,315.17 lakhs as at 30 September 2019 and total revenue of Rs.25 lakhs and Rs.105 lakhs, total net loss after tax and total comprehensive loss of Rs. 61.31 lakhs and Rs. 270.40 lakhs for the quarter ended 30 September 2019 and for the period from 1 April 2019 to 30 September 2019, respectively, and cash flows (net) of Rs. 21.89 lakhs for the period from 1 April 2019 to 30 September 2019, as considered in the Statement. According to the information and explanations given to us by the management, these interim financial information are not material to the Group.

Our conclusion on the Statement is not modified in respect of the above matter.

*For B S R & Associates LLP*  
*Chartered Accountants*  
Firm's Registration No. 116231W/W-100024



**Manish Gupta**  
*Partner*

Membership Number: 095037  
UDIN: 19095037AAAAER2712

Place: Gurugram  
Date : 05 November 2019

