

6th November, 2020

To

The General Manager Department of Corporate Relations BSE Limited Sir Phiroze Jeejeebhoy Towers Dalal Street Fort Mumbai 400 001	The Vice President 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 and six months ended 30th September, 2020 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 30th October, 2020 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 30th September, 2020 which have been taken on record at the meeting of the Board of Directors of the Company held today i.e., 6th November, 2020.

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.

HCL INFOSYSTEMS LIMITED
Unaudited Standalone Financial Results for the quarter and six months ended September 30, 2020
 Regd.Off. 806, Siddharth, 96 Nehru Place, New Delhi 110 019.
 CIN - L72200DL1986PLC023955
 Phone number +91 120 2520977, 2526518-19 Fax +91 120 2523791
 Website www.hclinfosystems.com
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Standalone Statement of Profit and Loss for the quarter and six months ended September 30, 2020 (Rs. In Lakhs)							
	Particulars	Standalone					
		Three months ended			Year to date		Year ended
		30.09.2020	30.06.2020	30.09.2019	30.09.2020	30.09.2019	31.03.2020
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Income						
	Revenue from operations	10,511	7,118	54,111	17,629	107,197	164,813
	Other income	418	370	1,044	788	2,098	2,965
	Total Income	10,929	7,488	55,155	18,417	109,295	167,778
2	Expenses						
(a)	Cost of materials consumed	-	-	-	-	-	-
(b)	Purchase of stock-in-trade	10,273	6,104	51,723	16,377	102,444	154,798
(c)	Changes in inventories of finished goods and stock-in-trade	489	804	535	1,293	1,104	6,106
(d)	Employee benefits expense	825	1,016	1,303	1,841	2,653	5,654
(e)	Finance costs	1,457	1,500	2,440	2,957	4,825	8,427
(f)	Depreciation and amortisation expense	110	130	205	240	430	741
(g)	Other expenses	2,065	1,071	1,764	3,136	3,414	7,370
	Total expenses	15,219	10,625	57,970	25,844	114,870	183,096
3	Loss before exceptional items and tax (1 - 2)	(4,290)	(3,137)	(2,815)	(7,427)	(5,575)	(15,318)
4	Exceptional Items loss (Refer note 2)	(4,198)	(342)	(1,010)	(4,540)	(1,743)	(10,171)
5	Loss before tax (3 + 4)	(8,488)	(3,479)	(3,825)	(11,967)	(7,318)	(25,489)
6	Tax expense						
(a)	Current tax	-	-	-	-	-	-
(b)	Deferred tax expense	-	-	-	-	-	6,355
7	Net loss for the period (5 - 6)	(8,488)	(3,479)	(3,825)	(11,967)	(7,318)	(31,844)
8	Other comprehensive income						
A (i)	Items that will not be reclassified to profit and loss	-	-	-	-	-	(21)
(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	-	-	-	-	-	-
	Total other comprehensive income net of income tax	-	-	-	-	-	(21)
9	Total comprehensive income for the period (7 + 8)	(8,488)	(3,479)	(3,825)	(11,967)	(7,318)	(31,865)
10	Paid-up equity share capital (Face value per share in Rs. 2/-)	6,584	6,584	6,584	6,584	6,584	6,584
11	Reserve as per balance sheet of previous accounting year						(10,566)
12	Earnings per share (of Rs 2/- each) (not annualised):						
(a)	Basic	(2.58)	(1.06)	(1.16)	(3.64)	(2.22)	(9.67)
(b)	Diluted	(2.58)	(1.06)	(1.16)	(3.64)	(2.22)	(9.67)

Standalone Balance Sheet (Rs. In Lakhs)		
Particulars	Standalone	
	As at 30.09.2020 (Unaudited)	As at 31.03.2020 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	5,194	5,360
Right of use assets	14	84
Capital work-in-progress	11	-
Other intangible assets	17	36
Financial assets		-
i. Investments	4	4
ii. Other financial assets	2,289	3,485
Advance income tax (net)	3,233	4,446
Other non-current assets	17,874	19,696
Total non-current assets	28,636	33,111
Current assets		
Inventories	1,132	2,424
Financial assets		
i. Trade receivables	5,529	15,838
ii. Cash and cash equivalents	5,812	3,756
iii. Bank balances other than (ii) above	3,464	2,222
iv. Loans	13,023	20,356
v. Others financial assets	1,803	3,433
Other current assets	1,993	4,643
Total current assets	32,756	52,672
Total assets	61,392	85,783
EQUITY AND LIABILITIES		
Equity		
Equity share capital	6,584	6,584
Other equity	(22,534)	(10,566)
Total equity	(15,950)	(3,982)
LIABILITIES		
Non-current liabilities		
Financial liabilities		
i. Borrowings	8,926	2,275
ii. Lease obligation	14	103
Provisions	264	227
Total non-current liabilities	9,204	2,605
Current liabilities		
Financial liabilities		
i. Borrowings	37,151	42,060
ii. Trade payables		
(a) total outstanding dues of micro enterprises and small enterprises	190	671
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	19,171	34,149
iii. Other financial liabilities	9,623	7,638
Other current liabilities	1,244	1,463
Provisions	759	1,179
Total current liabilities	68,138	87,160
Total liabilities	77,342	89,765
Total equity and liabilities	61,392	85,783


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Notes

1. 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 06, 2020. The statutory auditors have issued review report with unmodified opinion on these results.

2. Exceptional items include :

Particulars	Three months ended			Year to date		Year ended
	30.09.2020	30.06.2020	30.09.2019	30.09.2020	30.09.2019	31.03.2020
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
a. Profit on sale of property, plant and equipments*	-	-	941	-	1,565	1,565
b. Provision against loan given to subsidiary	(4,198)	(342)	(1,951)	(4,540)	(3,308)	(11,736)
Total loss - (a+b)	(4,198)	(342)	(1,010)	(4,540)	(1,743)	(10,171)

* Period ended 30 September 2020- nil,(year ended 31 March 2020- Rs.1,565 lakhs, 6 months ended 30 September 2019- Rs 1,565 lakhs, 3 months ended 30 September 2019- Rs. 941 lakhs) represents profit on sale of properties situated at Plot No. 10, CTS No. 86 Lohegaon, Viman Nagar, Pune and G-8,9,10, Sector 3, and B-13,14 Sector 8, Noida location under property monetization plan, under which agreement to sale was approved by the Board of Directors on 13.05.2019 and 20.05.2019 respectively.

3. As at September 30, 2020, the Company has accumulated losses and its net worth has been fully eroded, the Company has a net loss during the current period and in previous year and the Company's current liabilities exceeded its current assets by Rs. 35,382 lakhs (March 31, 2020 Rs. 34,488 lakhs) as at September 30, 2020. The losses are primarily as a result of delayed receipts on certain system integration contracts, certain historical low margin contracts, slow-down of distribution businesses and finance costs. The Company's management 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 and reduction in outstanding debts. To ensure the necessary financial support for its operations the Board of Directors of HCL Corporation Private Limited has issued a support letter (in the form of corporate guarantee or unsecured loan) to the Company to the extent of Rs. 50,000 lakhs. Considering the above support, the 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, the standalone financial results have been prepared on a going concern basis.

4. In view of the current financial stress faced by the Enterprise and Consumer Distribution businesses resulting in decline in sales and increase in losses, the Board of Directors had appointed a reputed independent consulting firm to review these businesses. Based on the report of the consulting firm and the inputs of the management team, the Board of Directors in their meeting dated January 27, 2020 decided that because of low margin contracts, tough market conditions and the current financial position of the Company, the Distribution businesses of the Company were not financially sustainable. Consequently, the Board of Directors recommended that in order to limit future financial losses, the Enterprise and Consumer Distribution Business be gradually scaled down over the next few quarters.

5. Management believes that it has taken into account all the possible impacts of known events arising from COVID-19 pandemic in the preparation of these financial results. In evaluating the impact of COVID-19 on the Company's ability to continue as a going concern, the management has assessed the impact on its business and the carrying value of its major assets comprising of property, plant and equipment, trade receivables and other receivable balances. The impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and actual results may differ materially from these estimates. The Company will continue to monitor any material changes to future economic conditions and any significant impact of these changes would be recognized in the financial results as and when these material changes to economic conditions arise.

6. The Board of Directors of HCL Infosystems Limited in its meeting held on August 06, 2019 had approved to sell the entire shareholding held by HCL Learning Limited (a Subsidiary of HCL Infosystems Limited) in HCL Insys Pte Ltd, Singapore (step subsidiary) after the transfer of the trading business and the subsidiary Nurture Technologies FZE to HCL Investments Pte Ltd (subsidiary of HCL Infotech Limited). The sale was made to PCCW Solutions Ltd for a total consideration of Rs.30,335 lakhs. The transaction was completed on November 15, 2019.

7. The Board of Directors of HCL Infosystems Limited, in its meeting held on August 06, 2020, approved the merger of HCL Learning Limited and Digilife Distribution and Marketing Services Limited (DDMS), wholly owned subsidiaries of the Company, with HCL Infosystems Limited. The proposed merger is for the purpose of simplifying the group structure. As part of the ongoing rationalization of the business, the learning business and the distribution business are being scaled down. As a result, separate entities for these businesses, i.e. HCL Learning Limited for learning business and DDMS for distribution business, are no longer required. An application was filed before the Hon'ble National Company Law Tribunal ('NCLT') at New Delhi Bench on 21 September 2020 for obtaining the sanction of NCLT on the proposed merger. Since, the aforesaid Scheme is subject to approval from concerned regulatory authorities which is considered to be substantive, the accounting effect of the above Scheme has not been considered in these financial results.

8. In accordance with the divestment strategy of the Company, the Board of Directors in its meeting held on August 06, 2020 approved the sale/ surrender of immovable properties of HCL Infosystems Limited. The sale/ surrender will take place as and when an appropriate buyer is identified. These properties are lying vacant/ partially vacant, as the Company is not utilizing/ fully utilizing these properties after scale down of its operations and change in its business requirements, though the Company continues to incur cost on maintenance of these properties. The proceeds from the sale/ surrender of these properties will be used to pay off part of the Company's debts and thereby to reduce its finance cost. The proposed sales(s) are subject to approval of the shareholders and lenders and such other approval as may be required in this regard.

9. During the quarter, a vendor has reported that an employee of the Company has inflated the amount recoverable from that vendor. As a result, as per the standard process, the internal audit section of the Company has initiated an inquiry into the matter. The interim findings suggest that the employee concerned had overstated the vendor recoverable value by Rs 28 lacs, which has now been appropriately adjusted & considered in the books of accounts. The internal audit inquiry is still in progress, any further impact will be adjusted on it's conclusion. As of now management of the Company is of the view that no additional material adjustment is required to be made to the financial results for the quarter and half year ended 30 September 2020.

10. The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the Company towards Provident Fund and Gratuity. The effective date from which the changes are applicable is yet to be notified and the rules are yet to be framed. The Company will carry out an evaluation of the impact and record the same in the financial statements in the period in which the Code becomes effective and the related rules are published.

11. Financial results for all the periods presented have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable.

12. A statement of cash flow is attached in Annexure A

13. 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

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Nikhil Sinha
Chairperson

Place : Noida
Date : November 06, 2020

Standalone Cash Flow Statement for six months ended September 30, 2020

Particulars	(Rs. In Lakhs)		
	Year to date		Year ended
	30.09.2020	30.09.2019	31.03.2020
	Unaudited	Unaudited	Audited
Cash flow from Operating Activities:			
Loss before tax	(11,967)	(7,318)	(25,489)
Adjustments for:			
Depreciation and amortisation expense	240	430	741
Finance cost	2,957	4,825	8,427
Interest income	(236)	(1,308)	(1,494)
Net profit on sale of properties	-	(1,565)	(1,565)
Net profit on sale of property, plant and equipment	-	(9)	(9)
Property, plant and equipment written-off	-	11	12
Provision against inter Company deposits given to subsidiaries	4,540	3,309	11,736
Gain on foreign exchange fluctuation	(43)	11	(94)
Provision for doubtful debts	233	-	409
Provisions/liabilities no longer required written back	(231)	(64)	(195)
Operating loss before working capital changes	(4,507)	(1,678)	(7,521)
Changes in operating assets and liabilities			
- Decrease / (Increase) in trade receivables	10,075	(6,332)	21,708
- Decrease / (Increase) in non-current assets	1,822	(1,594)	(1,528)
- Decrease in current assets	4,280	912	5,014
- Decrease in inventories	1,292	1,118	6,106
- Increase / (decrease) in non current liabilities	37	47	(375)
- (Decrease) / increase in current liabilities	(16,503)	5,717	(18,118)
Cash flow from / (used in) operations	(3,504)	(1,810)	5,286
- Taxes (paid) / received	1,213	1,136	(252)
Net cash flow from / (used in) operating activities (A)	(2,291)	(674)	5,034
Cash flow from investing activities:			
Purchase of properties plant and equipment (including intangible assets)	-	(24)	(32)
Proceeds from sale of properties, plant and equipment	4	2,991	2,991
Interest received	236	1,283	1,494
Redemption/maturity of bank deposits (with original maturity of more than three months)	1,196	7,867	8,557
Movement in margin money account	(1,242)	(781)	(355)
Movement in balances with banks on dividend account	-	12	12
Inter corporate deposits given	(13,159)	(28,904)	(47,020)
Inter corporate deposits received back	15,951	21,386	66,562
Sale of investment in subsidiary	-	4,858	5,021
Net cash flow from investing activities (B)	2,986	8,688	37,230
Cash Flow from Financing Activities:			
Proceeds from loans and borrowings	81,795	91,205	178,543
Repayment of loans and borrowings	(77,545)	(95,680)	(212,040)
Lease obligation paid	(89)	-	(149)
Interest paid	(2,780)	(4,938)	(8,729)
Unclaimed deposit / dividend transferred to investor education and protection fund	(47)	(12)	(12)
Net cash flow from / (used in) financing activities (C)	1,334	(9,425)	(42,387)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	2,029	(1,411)	(123)
Opening balance of cash and cash equivalents	3,756	3,899	3,899
Exchange difference on translation of foreign currency cash and cash equivalent	27	(11)	(20)
Closing balance of cash and cash equivalents	5,812	2,477	3,756
Cash and cash equivalents comprise of			
Cash, cheques and drafts (on hand)	12	570	-
Balances with banks on current accounts	5,799	1,882	3,756
Balances with banks on deposits accounts	1	25	-

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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 2020 and year to date results for the period from 1 April 2020 to 30 September 2020 (“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 3 of the Statement, which indicates that the Company has accumulated losses and its net worth has been fully eroded, the Company has a net loss during the current period and the Company’s current liabilities exceeded its current assets. These conditions, along with other matters set forth in note 4, indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. However, based upon the measures as set forth in the note 3, including necessary financial support from a significant promoter shareholder, the management and the Board of Directors of the Company have a reasonable expectation that the Company will be able to realise its assets and discharge all its contractual obligations and liabilities as they fall due in near future in the normal course of the business. Accordingly, the management has prepared the Statement on a going concern basis.

Our conclusion is not modified in respect of this matter.

Registered Office:

6. We draw attention to note 9 of these financial results which describes in detail that there is an internal audit inquiry being carried out by the Company in respect of issues relating to a vendor reconciliation. Based on the interim findings till date, the Company has made the necessary adjustments in these financial results. Further, Management of the Company is of the view that no additional material adjustment is required to be made to the financial results for the quarter and half year ended 30 September 2020.

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

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Sandeep Batra
Partner

Membership No: 093320
ICAI UDIN: 20093320AAAACX1564

Place: New Delhi
Date: 06 November 2020

HCL INFOSYSTEMS LIMITED
Unaudited Consolidated Financial Results for the quarter and six months ended September 30, 2020
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Consolidated Statement of Profit and Loss for the quarter and six months ended September 30, 2020 (Rs. In Lakhs)

Particulars	Consolidated					
	Three months ended			Year to date		Year ended
	30.09.2020	30.06.2020	30.09.2019	30.09.2020	30.09.2019	31.03.2020
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1 Income						
Revenue from operations	13,157	10,569	58,177	23,726	115,873	181,517
Other income	1,097	943	2,400	2,040	4,170	7,678
Total Income	14,254	11,512	60,577	25,766	120,043	189,195
2 Expenses						
(a) Cost of materials consumed	-	-	-	-	-	-
(b) Purchase of stock-in-trade	10,348	6,134	51,650	16,482	103,266	155,906
(c) Changes in inventories of finished goods and stock-in-trade	719	588	592	1,307	1,647	6,760
(d) Other direct expense	4,716	2,293	3,356	7,009	5,786	8,208
(e) Employee benefits expense	2,191	2,407	2,738	4,598	5,404	11,048
(f) Finance costs	1,525	1,584	2,550	3,109	5,225	9,043
(g) Depreciation and amortisation expense	116	138	245	254	541	880
(h) Other expenses	3,010	2,054	4,491	5,064	7,988	21,384
Total expenses	22,625	15,198	65,622	37,823	129,857	213,229
3 Loss before exceptional items and tax from continuing operations (1 - 2)	(8,371)	(3,686)	(5,045)	(12,057)	(9,814)	(24,034)
4 Exceptional Items gain (Refer note 6)	-	-	941	-	1,565	1,275
5 Loss before tax from continuing operations (3 + 4)	(8,371)	(3,686)	(4,104)	(12,057)	(8,249)	(22,759)
6 Tax expense / (credit)	-	-	-	-	-	8
(a) Current tax	-	-	-	-	-	6,209
(b) Deferred tax expense	-	-	-	-	-	-
7 Loss for the period from continuing operations (5 - 6)	(8,371)	(3,686)	(4,104)	(12,057)	(8,249)	(28,976)
8 Profit / (loss) before tax from discontinued operations (Refer note 2)	-	-	144	-	319	405
9 Profit / (loss) on disposal of discontinued operations (Refer note 2)	-	-	-	-	-	15,076
10 Tax expense / (credit) of discontinued operations (Refer note 2)	-	-	32	-	59	138
11 Net Profit / (loss) for the period from discontinued operations (8 + 9 - 10)	-	-	112	-	260	15,343
12 Net Loss for the period (7+ 11)	(8,371)	(3,686)	(3,992)	(12,057)	(7,989)	(13,633)
13 Other comprehensive income	-	-	-	-	-	(49)
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	16	16	23	32	12	461
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-
Total other comprehensive income, net of income tax	16	16	23	32	12	412
14 Total comprehensive income for the period (12 + 13)	(8,355)	(3,670)	(3,969)	(12,025)	(7,977)	(13,221)
15 Net Profit/(Loss) attributable to:						
- Shareholders	(8,371)	(3,686)	(3,992)	(12,057)	(7,989)	(13,633)
- Non-controlling interests	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total comprehensive income attributable to:						
- Shareholders	(8,355)	(3,670)	(3,969)	(12,025)	(7,977)	(13,221)
- Non-controlling interests	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
16 Paid-up equity share capital (Face value per share in Rs. 2/-)	6,584	6,584	6,584	6,584	6,584	6,584
17 Reserve as per balance sheet of previous accounting year	-	-	-	-	-	(10,798)
18 Earnings per share for continuing operations (of Rs 2/- each) (not annualised):						
(a) Basic	(2.54)	(1.12)	(1.25)	(3.66)	(2.51)	(8.80)
(b) Diluted	(2.54)	(1.12)	(1.25)	(3.66)	(2.51)	(8.80)
19 Earnings per share for discontinued operations (of Rs 2/- each) (not annualised):						
(a) Basic	-	-	0.03	-	0.08	4.66
(b) Diluted	-	-	0.03	-	0.08	4.66
20 Earnings per share for discontinued & continuing operations (of Rs 2/- each) (not annualised):						
(a) Basic	(2.54)	(1.12)	(1.22)	(3.66)	(2.43)	(4.14)
(b) Diluted	(2.54)	(1.12)	(1.22)	(3.66)	(2.43)	(4.14)

Consolidated Balance Sheet (Rs. In Lakhs)

Particulars	Consolidated	
	As at 30.09.2020 (Unaudited)	As at 31.03.2020 (Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	5,194	5,362
Right of use assets	53	136
Capital work-in-progress	11	-
Other intangible assets	17	36
Financial assets		
i. Other financial assets	2,509	3,739
Advance income tax asset (net)	10,413	11,625
Other non-current assets	18,917	20,740
Total non-current assets	37,114	41,638
Current assets		
Inventories	1,484	2,791
Financial assets		
i. Trade receivables	12,094	19,394
ii. Cash and cash equivalents	7,250	5,526
iii. Bank balances other than (ii) above	3,573	2,310
iv. Other financial assets	3,003	6,073
Other current assets	23,401	26,698
Total current assets	50,805	62,792
Assets held for sale	-	265
Total assets	87,919	104,695
EQUITY AND LIABILITIES		
Equity		
Equity share capital	6,584	6,584
Other equity	(22,823)	(10,798)
Non-controlling interests	(0.00)	(0.00)
Total equity	(16,239)	(4,214)
LIABILITIES		
Non-current liabilities		
Financial liabilities		
i. Borrowings	8,926	2,275
ii. Lease obligation	53	161
Provisions	547	446
Deferred tax liabilities (net)	-	-
Total non-current liabilities	9,526	2,882
Current liabilities		
Financial liabilities		
i. Borrowings	39,314	43,638
ii. Trade payables	24,254	34,729
iii. Other financial liabilities	8,766	7,391
Other current liabilities	16,250	15,834
Provisions	6,048	4,435
Current tax liabilities (net)	-	-
Total current liabilities	94,632	106,027
Total liabilities	104,158	108,909
Total equity and liabilities	87,919	104,695

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Segment-wise information

Particulars	Three months ended			Year to date		Year ended
	30.09.2020	30.06.2020	30.09.2019	30.09.2020	30.09.2019	31.03.2020
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1. Segment Revenue						
- Hardware Products and Solutions	2,420	3,617	3,587	6,037	7,499	15,431
- Services *	-	-	10,440	-	20,811	26,415
- Distribution	10,737	9,952	54,466	17,689	108,279	165,595
- Learning	-	-	125	-	145	537
Total	13,157	10,569	68,618	23,726	136,734	207,978
Less : Intersegment revenue	-	-	20	-	49	49
Revenue from operations	13,157	10,569	68,598	23,726	136,685	207,929
2. Segment results (profit / (loss) before tax and interest from each segment)						
- Hardware Products and Solutions	(4,149)	(3,73)	(1,989)	(4,522)	(3,304)	(7,952)
- Services *	-	-	127	-	266	11
- Distribution	(1,988)	(1,278)	(222)	(3,266)	(781)	(6,023)
- Learning	(18)	17	167	(1)	331	670
Total	(6,155)	(1,634)	(1,917)	(7,789)	(3,488)	(13,294)
Less :	-	-	-	-	-	-
i) Interest expense	1,525	1,584	2,558	3,109	5,241	9,062
ii) Other un-allocable expenditure net off un-allocable (income)	691	468	(515)	1,159	(799)	(15,078)
Total Profit / (Loss) before tax	(8,371)	(3,686)	(3,960)	(12,057)	(7,930)	(7,278)
3. Segment Assets						
- Hardware Products and Solutions	38,186	37,348	49,275	38,186	49,275	36,462
- Services *	-	-	23,670	-	23,670	37,928
- Distribution	21,520	29,006	73,956	21,520	73,956	37,928
- Learning	234	239	251	234	251	235
- Unallocated	27,979	30,312	35,655	27,979	35,655	30,070
Total Assets	87,919	96,905	183,007	87,919	183,007	104,695
4. Segment Liabilities						
- Hardware Products and Solutions	32,946	29,665	37,402	32,946	37,402	30,620
- Services *	-	-	7,598	-	7,598	-
- Distribution	11,724	14,094	48,474	11,724	48,474	20,931
- Learning	396	397	468	396	468	440
- Unallocated	59,092	60,634	86,613	59,092	86,613	56,309
Total Liabilities	104,158	104,790	180,575	104,158	180,575	108,309

* Refer Note 2

Notes

1. 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 06, 2020. The statutory auditors have issued review report with unmodified opinion on these results.

2. The Board of Directors of HCL Infosystems Limited in its meeting held on August 06, 2019 had approved to sell the entire shareholding held by HCL Learning Limited (a subsidiary of HCL Infosystems Limited) in HCL Insys Pte Ltd, Singapore (step subsidiary) after the transfer of the trading business and the subsidiary Nurture Technologies FZE to HCL Investments Pte Ltd (subsidiary of HCL Intotech Limited). The sale was made to PCOV Solutions Ltd for a total consideration of Rs.30,335 lakhs. The transaction was completed on November 15, 2019.

Accordingly, the business operations associated with these transactions have been considered as discontinued operations. The relevant information for all the period presented, attributable to these discontinued operations are as below.

Particulars	Three months ended			Year to date		Year ended
	30.09.2020	30.06.2020	30.09.2019	30.09.2020	30.09.2019	31.03.2020
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Total revenue (including Other income)	-	-	10,429	-	20,827	26,694
Total expenditure	-	-	10,265	-	20,508	26,289
Profit before tax	-	-	144	-	319	405
Tax expense	-	-	32	-	59	138
Profit after tax	-	-	112	-	260	267
Profit on disposal of discontinued operations	-	-	-	-	-	15,076

3. As at September 30, 2020, the Group has accumulated losses and its net worth has been fully eroded, the Group has a net loss during the current period and previous year and the Group's current liabilities exceeded its current assets by Rs 43,827 lakhs (March 31, 2020 - Rs. Rs 43,235 Lakhs) as at September 30, 2020. The losses are primarily as a result of delayed receipts on certain system integration contracts, certain historical low margin contracts, slow-down of distribution businesses and finance costs. The Parent Company's management is pursuing strategies which include scale down of loss-making businesses like scaling down of the distribution business (refer note 5), sale of certain non-core properties and reduction in outstanding debts. To ensure the necessary financial support for its operations, the Board of Directors of HCL Corporation Private Limited has issued a support letter (in the form of corporate guarantee or unsecured loan) to the Parent Company to the extent of Rs. 50,000 lakhs. Considering the above support, the Parent's management and the Board of Directors have a reasonable expectation that the Group will be able to realise its assets and discharge its contractual obligations and liabilities as they fall due in the near future in the normal course of business. Accordingly, the consolidated financial results have been prepared on a going concern basis.

4. Management believes that it has taken into account all the possible impacts of known events arising from COVID-19 pandemic in the preparation of these financial results. In evaluating the impact of COVID-19 on the Group's ability to continue as a going concern, the management has assessed the impact on its business and the carrying value of its major assets comprising of property, plant and equipment, trade receivables and other receivable balances. The impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and actual results may differ materially from these estimates. The Group will continue to monitor any material changes to future economic conditions and any significant impact of these changes would be recognized in the financial results as and when these material changes to economic conditions arise.

5. In view of the current financial stress faced by the Enterprise and Consumer Distribution businesses resulting in decline in sales and increase in losses, the Board of Directors had appointed a reputed independent consulting firm to review these businesses. Based on the report of the consulting firm and the inputs of the management team, the Board of Directors in their meeting dated January 27, 2020 decided that because of low margin contracts, tough market conditions and the current financial position of the Group, the Distribution businesses of the Group were not financially sustainable. Consequently, the Board of Directors recommended that in order to limit future financial losses, the Enterprise and Consumer Distribution Business be gradually scaled down over the next few quarters.

6. Exceptional items include :

Particulars	Three months ended			Year to date		Year ended
	30.09.2020	30.06.2020	30.09.2019	30.09.2020	30.09.2019	31.03.2020
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Gain on sale of property, plant and equipments* (a)	-	-	941	-	1,565	1,565
Impairment of properties (b)	-	-	-	-	-	(290)
Total gain/(loss)	-	-	941	-	1,565	1,275

* Period ended 30 September 2020- nil, (Year ended 31 March 2020- Rs.1,565 lakhs, 6 months ended 30 September 2019- Rs. 1,565 lakhs, 3 months ended 30 September 2019- Rs. 941 lakhs) represents profit on sale of properties situated at Plot No. 10, CTS No. 65, Lohm Road, Viman Nagar, Pune and G-8,10, Sector 3, and B-13,14 Sector 8, Noida location under property monetization plan, under which agreement to sale was approved by the Board of Directors on 13.05.2019 and 20.05.2019 respectively.

7. The Board of Directors of HCL Infosystems Limited, in its meeting held on August 06, 2020, approved the merger of HCL Learning Limited and Digitize Distribution and Marketing Services Limited (DDMS), wholly owned subsidiaries of the Company, with HCL Infosystems Limited. The proposed merger is for the purpose of simplifying the group structure. As part of the ongoing rationalization of the business, the learning business and the distribution business are being scaled down. As a result, separate entities for these businesses, i.e. HCL Learning Limited for learning business and DDMS for distribution business, are no longer required. An application was filed before the Hon'ble National Company Law Tribunal (NCLT) at New Delhi Bench on 21 September 2020 for obtaining the sanction of NCLT on the proposed merger.

Since, the aforesaid Scheme is subject to approval from concerned regulatory authorities which is considered to be substantive, the accounting effect of the above Scheme has not been considered in these financial results.

8. In accordance with the divestment strategy of the Group, the Board of Directors of the Parent Company in its meeting held on August 06, 2020 approved the sale/ surrender of immovable properties of HCL Infosystems Limited. The sale/ surrender will take place as and when an appropriate buyer is identified. These properties are lying vacant/ partially vacant, as the Group is not utilizing/ fully utilizing these properties after scale down of its operations and change in its business requirements, though the Group continues to incur cost on maintenance of these properties. The proceeds from the sale/ surrender of these properties will be used to pay off part of the Group's debts and thereby to reduce its finance cost. The proposed sales(s) are subject to approval of the shareholders and lenders of the Parent Company and such other approval as may be required in this regard.

9. HCL Infosystems Limited (the Company) was appointed as the Managed Service Provider ("MSP") by Unique Identification Authority of India (UIDAI) vide the contract dated 6 August 2012 to implement and manage the Central Identities Data Repository (CIDR). The said contract originally ended on 6 August 2019 and then was unilaterally extended by the UIDAI. The Company challenged this unilateral extension of the MSP contract by UIDAI before the Hon'ble Arbitral Tribunal. However, while the arbitration proceedings were pending, the Company was constrained to agree for an adhoc extension for a period of 9 months plus 3 months Knowledge Transfer Period after August 2019. Later, the Company and UIDAI entered into consent terms dated 5 May 2020 (which also formed part of the consent order dated 7 May 2020 passed by the Hon'ble Arbitral Tribunal) and the Company agreed to perform services for UIDAI subject to the terms and conditions of the consent terms. Thereafter, the Hon'ble Arbitral Tribunal on 19 June 2020 passed the liability award wherein it held that the extension of the MSP contract by UIDAI is not valid. As per the consent terms executed between UIDAI and the Company, the Company has agreed to perform services as per the terms of the MSP Contract, without prejudice to its rights and contentions in the arbitration proceedings, till 6 April 2021 (including knowledge transfer period of 3 months). The Company has further agreed to extend the annual maintenance contract and software licenses for the period till 6 August 2021. As per consent terms signed by the both the parties, the Company would continue to raise invoices to UIDAI as per the rates originally agreed in the MSP contract though the Company is entitled to claim market rate for the services provided to UIDAI, the quantum of which shall be decided in the subsequent hearings of the Arbitration proceedings.

Pending determination of the current market value through arbitration, no revenue has been recognized by the Company for the difference in the expected current market value and the existing contract price which will be recognized once the same has been determined by the Hon'ble Arbitral Tribunal in the future. Further, the costs have been recognized based on the revised rates agreed during negotiations with the vendors completed in the current quarter ended 30 September 2020. This has resulted into recognition of additional loss of Rs 2,440 lakh in these financial results for the remaining contract period.

10. During the quarter, a vendor has reported that an employee of the Group has inflated the amount recoverable from that vendor. As a result, as per the standard process, the internal audit section of the Group has initiated an inquiry into the matter. The interim findings suggest that the employee concerned had overstated the vendor recoverable value by Rs 28 lacs, which has now been appropriately adjusted & considered in the books of accounts. The internal audit inquiry is still in progress, any further impact will be adjusted on it's conclusion. As of now management of the Group is of the view that no additional material adjustment is required to be made to the financial results for the quarter and half year ended 30 September 2020.

11. Financial results for all the periods presented have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable.

12. The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the Group towards Provident Fund and Gratuity. The effective date from which the changes are applicable is yet to be notified and the rules are yet to be framed. The Group will carry out an evaluation of the impact and record the same in the financial statements in the period in which the Code becomes effective and the related rules are published.

13. A consolidated statement of cash flow is attached in Annexure A

14. Consolidated Results include financial results of HCL Infosystems Limited, HCL Intotech Limited, Digitize Distribution and Marketing Services Limited, HCL Learning Limited, HCL Investment Pte. Limited, Pimpri Chinchwad eServices Limited and Nurture Technologies FZE.

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

for HCL Infosystems Limited

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Nikhil Sinha
Chairperson

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Consolidated Cash Flow Statement for six months ended September 30, 2020

(Rs. In Lakhs)

Particulars	Year to date		Year ended
	30.09.2020	30.09.2019	31.03.2020
	Unaudited	Unaudited	Audited
Cash Flow from Operating Activities[^]:			
Loss before tax from continuing and discontinued operations	(12,057)	(7,930)	(7,278)
Adjustments for:			
Depreciation and amortisation expense	254	1,278	1,813
Finance cost	3,109	5,241	9,062
Interest income	(1,102)	(2,196)	(3,474)
Net profit on sale of property, plant and equipment	(2)	(10)	(10)
Profit on disposal of discontinued operations	-	-	(15,076)
Profit on sale of properties	-	(1,565)	(1,565)
Impairment of property, plant and equipments	-	-	290
Property, plant and equipment written-off	-	12	12
Gain on foreign exchange fluctuation	(24)	-	(148)
Provision for doubtful debts	119	2,706	10,972
Provision for doubtful loans and advances and other current assets	68	11	19
Provisions/liabilities no longer required written back	(550)	(385)	(2,669)
Operating loss before working capital changes	(10,185)	(2,838)	(8,052)
Changes in operating assets and liabilities			
- Decrease / (increase) in trade receivables	7,204	(3,687)	18,905
- Decrease / (increase) in non-current assets	1,832	(1,626)	(1,278)
- Decrease in current assets	7,239	1,525	18,772
- Decrease in inventories	1,307	1,662	6,760
- Increase in non current liabilities	101	101	147
- Decrease / (increase) in current liabilities	(8,688)	306	(28,109)
Cash flow from / (used in) operations	(1,190)	(4,557)	7,145
- Taxes (paid) / received	1,212	1,296	(933)
Net cash flow from / (used in) operating activities (A)	22	(3,261)	6,212
Cash flow from investing activities[^]:			
Proceeds from the sale of investment in subsidiaries*	-	-	19,638
Payment for property, plant and equipment (including intangible assets)	4	(119)	(119)
Proceeds from sale of properties	265	2,991	2,991
Receipt of business consideration on sale of investment in subsidiaries	-	4,858	4,859
Redemption/Investments in bank deposits	-	9,332	12,889
Movement in margin money account	(43)	(805)	(1,526)
Movement in balances with banks on dividend account	-	12	12
Interest received	162	2,196	563
Net cash flow from investing activities (B)	388	18,465	39,307
Cash Flow from Financing Activities[^]:			
Lease obligation paid	(108)	-	(177)
Proceeds from loans and borrowings	83,092	93,162	180,026
Repayment of loans and borrowings	(78,698)	(102,466)	(219,416)
Interest paid	(2,933)	(5,412)	(9,422)
Unclaimed deposit / dividend transferred to investor protection fund	(47)	(12)	(12)
Net cash from financing activities (C)	1,306	(14,728)	(49,001)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	1,716	476	(3,482)
Opening balance of cash and cash equivalents	5,526	9,042	9,042
Exchange difference on translation of foreign currency cash and cash equivalent	12	(38)	(4)
Effect of exchange differences on translation of foreign operations	(4)	-	(30)
Closing balance of cash and cash equivalents	7,250	9,480	5,526
Cash and cash equivalents comprise of			
Cash, cheques and drafts (on hand)	17	588	15
Balances with banks on current accounts	7,225	4,749	5,501
Balances with banks on deposits accounts	8	4,143	10

* As at 31 March 2020, proceeds from sale of investment in subsidiary for a total consideration of Rs. 30,335 lakhs. Net cash inflow of Rs. 19,638 lakhs is after adjusting Rs. 9,820 lakhs of cash and cash equivalent balances in the book of subsidiary and Rs. 877 lakhs expenditure incurred on the sale transaction.

[^]Net cash flow attributable to the operating, investing and financing activities of discontinued operations is presented below:

Particulars	Year to date		Year ended
	30.09.2020	30.09.2019	31.03.2020
	Unaudited	Unaudited	Audited
Operating activities	-	974	4,490
Investing activities	-	(1,353)	(198)
Financing activities	-	-	(222)

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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 2020 and year to date results for the period from 1 April 2020 to 30 September 2020 (“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 Investment Pte. Limited
- e) Pimpri Chinchwad eServices Limited
- f) Nurture Technologies FZE

Registered Office:

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.
6. We draw attention to note 3 of the Statement, which indicates that the Group has accumulated losses and its net worth has been fully eroded, the Group has a net loss during the current period and the Group's current liabilities exceeded its current assets. These conditions, along with other matters set forth in note 5, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. However, based upon the measures as set forth in the note 3, including necessary financial support from a significant promoter shareholder, the management and the Board of Directors of the Parent have a reasonable expectation that the Group will be able to realise its assets and discharge all its contractual obligations and liabilities as they fall due in near future in the normal course of the business. Accordingly, the management has prepared the Statement on a going concern basis.

Our conclusion is not modified in respect of this matter.

7. We draw attention to note 9 of the consolidated financial results for the quarter and six months ended 30 September 2020, which states that Hon'ble Arbitral Tribunal has on 19 June 2020 passed a liability award in the arbitration proceedings filed by HCL Infosystems Limited ('the Company') in respect of the MSP contract against one of the major customers. As stated in the said note, the said liability award provides, inter alia, that the Company is entitled to receive the consideration for its services during the period covered by the consent terms (order dated 07 May 2020), i.e. from May 2020 to August 2021, at the current market value which will be decided through arbitration in due course. As further stated in the said note, pending this determination, no revenue is recognized for the difference in the expected current market value and the existing contract price for the services provided to the customer, which has also resulted into recognition of upfront loss of Rs 2,440 lakhs for the remaining contract period in these financial results which may undergo a revision on finalization of current market value through arbitration in subsequent period.

Our conclusion is not modified in respect of this matter.

8. We draw attention to note 10 of these financial results which describes in detail that there is an internal audit inquiry being carried out by the Company in respect of issues relating to a vendor reconciliation. Based on the interim findings till date, the Company has made the necessary adjustments in these financial results. Further, Management of the Company is of the view that no additional material adjustment is required to be made to the financial results for the quarter and half year ended 30 September 2020.

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

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Sandeep Batra

Partner

Membership No: 093320

ICAI UDIN: 20093320AAAACW2935

Place: New Delhi

Date: 06 November 2020