

HCL INFOSYSTEMS LTD.

Corporate Office: A-11, Sector 3, NOIDA 201 301, U.P., India

Tel: +91 120 2520977, 2526518, 2526519 Fax: +91 120 2523791

Registered Office: 806 Siddharth, 96, Nehru Place, New Delhi-110019. India.

Corporate Identity Number - L72200DL1986PLC023955

www.hclinfosystems.in

www.hcl.com

10th August, 2023

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: Board Meeting - Standalone and Consolidated Unaudited Financial Results for the quarter ended 30th June, 2023

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

Dear Sirs,

This is further to our letter dated 3rd August, 2023 on the above subject.

1. The Board of Directors has approved Unaudited Financial Results of the Company on standalone and consolidated basis for the quarter ended 30th June, 2023, duly reviewed and recommended by the Accounts and Audit Committee at the meeting held today i.e., 10th August, 2023. (As enclosed)
2. Limited Review Report on the aforesaid un-audited standalone and consolidated financial results are also enclosed. Further, we wish to state that the said Reports are with unmodified opinion.

The meeting of the Board of Directors commenced at 12:15 P.M. and concluded at 4:30 P.M.

We are arranging to publish the results in the newspapers.

Please acknowledge receipt.

Very Truly Yours,

For HCL Infosystems Limited

Komal Bathla
Company Secretary & Compliance Officer

Encl: As above.

HCL INFOSYSTEMS LIMITED
Unaudited Standalone financial results for the quarter ended June 30, 2023
 Regd.Off. 806, Siddharth, 96 Nehru Place, New Delhi 110019.
 Corp.Off. A-11, First Floor, Sector -3 Noida, UP 201301.
 CIN - L72200DL1986PLC023955
 Phone number +91 120 2520977, 2526518-19 Fax +91 120 2523791
 Website www.hclinfosystems.in
 Email ID: cosec@hcl.com

Standalone Statement of Profit and Loss for the quarter ended June 30, 2023 (Rs. In Lakhs)

Particulars	Standalone			
	Three months ended		Year ended	
	30.06.2023	31.03.2023	30.06.2022	31.03.2023
	Unaudited	Audited	Unaudited Refer Note 6	Audited
1 Income				
Revenue from operations	128	135	166	608
Other income	209	360	354	1,367
Total Income	337	495	520	1,975
2 Expenses				
(a) Purchase of services	127	94	144	453
(b) Changes in inventories of stock-in-trade	-	3	-	2
(c) Employee benefits expense	151	195	227	867
(d) Finance costs	14	9	120	153
(e) Depreciation and amortization expense	14	13	14	57
(f) Legal, professional and consultancy charges	255	217	229	949
(g) Other expenses	404	260	520	1,823
Total expenses	965	791	1,254	4,304
3 Loss before exceptional items and tax (1 - 2)	(628)	(296)	(734)	(2,329)
4 Exceptional Items gain/(loss) (Refer note 2)	35	(262)	(249)	(1,508)
5 Loss before tax (3 + 4)	(593)	(558)	(983)	(3,837)
6 Tax expense				
(a) Current tax	-	-	-	-
(b) Deferred tax	-	-	-	-
7 Loss for the period (5 - 6)	(593)	(558)	(983)	(3,837)
8 Other comprehensive income				
A (i) Items that will not be reclassified to profit or loss	-	2	-	2
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-
B (i) Items that will be reclassified to profit or loss	-	-	-	-
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-
Total other comprehensive income, net of income tax	-	2	-	2
9 Total comprehensive loss for the period (7 + 8)	(593)	(556)	(983)	(3,835)
10 Paid-up equity share capital (face value per share in Rs. 2/-)	6,584	6,584	6,584	6,584
11 Reserve as per balance sheet of previous accounting year				(32,099)
12 Earnings per share (of Rs 2/- each) (not annualised):				
(a) Basic	(0.18)	(0.17)	(0.30)	(1.17)
(b) Diluted	(0.18)	(0.17)	(0.30)	(1.17)

Notes

1. These unaudited standalone financial results (hereinafter referred as "results") have been prepared in accordance with the Indian Accounting Standard (referred to as "Ind AS") 34 - Interim Financial Reporting prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time. These results have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on August 10, 2023. The statutory auditors have issued unmodified review report on these results.

2. Exceptional items include :

Particulars	Three months ended		Year ended	
	30.06.2023	31.03.2023	30.06.2022	31.03.2023
	Unaudited	Audited	Unaudited Refer Note 6	Audited
a. Gain on sale of property, plant and equipment(Refer note no 8)	-	897	487	1,384
b. Reversal/(Provision) for loss in subsidiary #	35	(1,159)	(736)	(2,892)
Total Gain / (Loss) - (a+b)	35	(262)	(249)	(1,508)

#One of the Company's wholly owned subsidiary namely "HCL Infotech Limited" has been incurring operational losses during the last few years due to various reasons including delay in collections of receivables, challenging market conditions, cost overruns and legal expenses in respect of long-term contracts.

Considering the fact that most of these long-term contracts were originally entered with the Company and transferred to HCL Infotech Limited through the Scheme of Arrangement in the past, there is a constructive obligation for the Company to provide operational and financial support to HCL Infotech Limited for execution of its contracts. This constructive obligation is also supported by the past practice followed by the Company wherein it has been, from time to time, voluntarily extending financial support to its subsidiaries, even during challenging market circumstances. Such continuous and timely support from the Company has helped fund the losses of its subsidiaries and enabled them to meet their financial obligations without any delays/ defaults.

Basis the same, the Company is creating provision for loss of subsidiary in the standalone financials to the extent of accumulated losses and erosion of net worth of subsidiary, as at the reporting date. This has been treated as a present obligation of the Company wherein it is probable that an outflow of resources will be required to support HCL Infotech Limited and pay its liabilities that are more than its assets as on reporting date, as required by Ind AS 37.

3. As at June 30, 2023, the Company has accumulated losses and its net worth has been fully eroded, and the Company's current liabilities exceeded its current assets by Rs. 42,729 Lakhs (March 31, 2023 - Rs. 43,081 Lakhs). The losses are primarily a result of delayed receipts on certain system integration contracts, historical low margin contracts and cost of ongoing contract litigations which are at different stages of progression. The management of the Company, is pursuing strategies which include scale down of loss-making businesses like scaling down of the distribution business (refer note 4), sale of certain non-core properties (refer note 8) and reduction in outstanding debts. To ensure the necessary financial support for its operations, the Board of Directors of HCL Corporation Private Limited has approved support in the form of corporate guarantees to banks of Rs 33,035 Lakhs and interest free unsecured loans of Rs 33,500 Lakhs to the Company out of total authorized limit of Rs.1,50,000 Lakhs. This had been approved by the shareholders of the Company, vide their resolution dated September 14, 2017. Considering the above support, the Company's management and the Board of Directors have a reasonable expectation that the Company will be able to realise its assets and discharge its contractual obligations and liabilities as they fall due in the near future in the normal course of business. Accordingly, these financial results have been prepared on a going concern basis.

4. Based on the report of the consulting firm appointed by the Board of Directors and the inputs of the management team, the Board in their meeting dated January 27, 2020 decided that because of low margin contracts, tough market conditions and the then financial position of the company, the Distribution businesses of the company were not financially sustainable. Consequently, as per the Board of Directors recommendation in order to limit future financial losses, the Enterprise and Consumer Distribution Business has been substantially scaled down.

5. As per Ind AS 108 'Operating Segments', the Company has disclosed the segment information only as part of the consolidated financial results.

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

Since the Transferor Companies were the wholly-owned subsidiaries of the Transferee Company, there was no consideration applicable. The difference between the amounts recorded as investments of the Company (Transferee Company) and the amount of share capital of the aforesaid amalgamating subsidiaries (Transferor Companies) has been adjusted in the Common Control Transaction Capital Reserve in accordance with the guidance under Appendix C of IND AS 103 "Business Combinations". Accordingly, financial results for the quarter ended June 30, 2022 have been restated to give effect of the Scheme. The impact of the scheme is not material on the standalone financial results of the company.

7. Based on the detailed assessment performed by Management which also included, wherever considered necessary, performing reconciliation with the parties, the Company has credited its Statement of Profit and Loss with Rs Nil for the quarter ended June 30, 2023 and Rs 221 Lakhs for the quarter ended March 31, 2023, Rs 219 Lakhs for the quarter ended June 30, 2022 and Rs 756 Lakhs for the year ended March 31, 2023, on account of write back of certain old payables and provisions.

8. In order to reduce Company's debt obligations, the Company has decided to monetize Company owned properties in a phased manner. Several of Company's properties are not being fully utilized due to changes in the business of the Company. As a part of ongoing property monetisation plan, the Company has sold certain properties in the previous quarters and recognised an overall gain on disposal of Rs 897 Lakhs for the quarter ended March 31, 2023, Rs 487 Lakhs for the quarter ended June 30, 2022 and Rs 1,384 Lakhs for the year ended March 31, 2023.

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

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

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

10. HCL Infosystems Limited was awarded the order for supply, installation and commissioning of communication infrastructure, on turnkey basis, for (Commonwealth Games) CWG and later the work of re-deployment of equipment in MTNL's network in Delhi and Mumbai was also included. Disputes arose between both the parties with regard to completion of the project and Arbitration proceedings were initiated by HCL Infosystems Limited to recover the pending amount. In August 2014, the Arbitral Tribunal passed an Award in favour of HCL Infosystems Limited, whereby allowing majority of its claim and dismissing all the counter-claims of MTNL.

MTNL challenged the Award before the High Court of Delhi and the same was dismissed. MTNL filed an Appeal before the Division Bench of the High Court challenging the said dismissal, wherein during the March 2016, the MTNL was directed to deposit a total sum of Rs.9,130 Lakhs (Rs. 8,035 Lakhs principal and Rs. 1,095 Lakhs interest) with the Court in the form of a Fixed Deposit.

This contract was part of Hardware Solutions business transferred to HCL Infotech Limited under Scheme of Arrangement in 2013. HCL Infotech Limited filed an application for release of the aforesaid Fixed Deposit (including accumulated interest accrued thereon till date of release of Rs 4,307 Lakhs including TDS) of Rs. 12,342 Lakhs. Accordingly, the same has been released on adhoc basis vide order of the Hon'ble High Court of Delhi dated September 28, 2022 against a Bank Guarantee.

As part of issuance of Optionally Convertible Debentures (OCDs), HCL Infotech Limited has transferred its rights to receive cash flows from MTNL to the HCL Infosystems Limited and as per the terms of OCDs, cash collected shall be utilized to redeem OCDs. However, since MTNL's Appeal is sub-judice (pending disposal) before the Division Bench of the High Court, amount has not been utilized for redemption of OCDs and shown as amount collected under litigation as a part of current liabilities in the financial statement of HCL Infotech Limited.

11. The figures of the last quarter are the balancing figures between audited figures in respect of the full financial year upto March 31, 2023 and the unaudited published year-to-date figures upto December 31, 2022 being the date of the end of the third quarter of the financial year which were subjected to a limited review.

By order of the Board
for HCL Infosystems Limited

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Date: 2023.08.10
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Chairperson

Place : Noida
Date : August 10, 2023

B S R & Associates LLP

Chartered Accountants

Building No. 10, 12th Floor, Tower-C,
DLF Cyber City, Phase - II,
Gurugram - 122 002, India
Tel: +91 124 719 1000
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Limited Review Report on unaudited standalone financial results of HCL Infosystems Limited for the quarter ended 30 June 2023 pursuant to Regulation 33 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To the Board of Directors of HCL Infosystems Limited

1. We have reviewed the accompanying Statement of unaudited standalone financial results of HCL Infosystems Limited (hereinafter referred to as "the Company") for the quarter ended 30 June 2023 ("the Statement").
2. This Statement, which is the responsibility of the Company's management and approved by its 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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("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. 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.
4. Attention is drawn to the fact that the figures for the three months ended 31 March 2023 in these unaudited standalone financial results are the balancing figures between audited figures in respect of the full previous financial year and the published year to date figures up to the third quarter of the previous financial year. The figures up to the end of the third quarter of previous financial year had only been reviewed and not subjected to audit.
5. Based on our review conducted 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 states that the company has accumulated losses as at 30 June 2023. Further its net worth is fully eroded and that the Company's current liabilities exceed its current assets as at 30 June 2023. 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 i.e., whether the Company will be able to realize its assets and discharge all its contractual obligations and liabilities as they fall due in near future in the normal course of the business. 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

Limited Review Report (Continued)

HCL Infosystems Limited

the Company will be able to operate as a going concern in the near future. Accordingly, management has prepared the statement on a going concern basis.

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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Girish Arora

Partner

New Delhi

10 August 2023

Membership No.: 098652

UDIN: 23098652BGYZLV3219

HCL INFOSYSTEMS LIMITED
Unaudited Consolidated financial results for the quarter ended June 30, 2023
 Regd.Off. 806, Siddharth, 96 Nehru Place, New Delhi 110019.
 Corp.Off. A-11, First Floor, Sector -3 Noida, UP 201301.
 CIN - L72200DL1986PLC023955
 Phone number +91 120 2520977, 2526518-19 Fax +91 120 2523791
 Website www.hclinfosystems.in
 Email ID: cosec@hcl.com

Consolidated Statement of Profit and Loss for the quarter ended June 30, 2023

(Rs. In Lakhs)

Particulars	Consolidated			
	Three months ended			Year ended
	30.06.2023	31.03.2023	30.06.2022	31.03.2023
	Unaudited	Audited	Unaudited	Audited
1 Income				
Revenue from operations	1,130	826	912	3,141
Other income	542	780	483	2,339
Total Income	1,672	1,606	1,395	5,480
2 Expenses				
(a) Purchase of services	127	101	146	483
(b) Changes in inventories of stock-in-trade	2	13	2	12
(c) Other direct expense	407	591	289	1,372
(d) Employee benefits expense	473	467	548	2,039
(e) Finance costs	15	9	140	193
(f) Depreciation and amortisation expense	14	13	15	58
(g) Legal, professional and consultancy charges	498	794	622	2,889
(h) Other expenses	725	1,075	1,118	3,692
Total expenses	2,261	3,063	2,880	10,738
3 Loss before exceptional items and tax from continuing operations (1 - 2)	(589)	(1,457)	(1,485)	(5,258)
4 Exceptional Items gain (Refer note 3)	-	897	487	1,384
5 Loss before tax from continuing operations (3 + 4)	(589)	(560)	(998)	(3,874)
6 Tax expense				
(a) Current tax	-	5	-	5
(b) Deferred tax	-	-	-	-
7 Loss for the period from continuing operations (5 - 6)	(589)	(565)	(998)	(3,879)
8 Profit / (loss) before tax from discontinued operations	-	-	-	-
9 Profit / (loss) on disposal of discontinued operations	-	-	-	-
10 Tax expense / (credit) of discontinued operations	-	-	-	-
11 Net Profit / (Loss) for the period from discontinued operations (8 + 9 - 10)	-	-	-	-
12 Net Loss for the period (7+ 11)	(589)	(565)	(998)	(3,879)
13 Other comprehensive income				
A (i) Items that will not be reclassified to profit and loss	-	(2)	-	(2)
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-
B (i) Items that will be reclassified to profit and loss	3	11	1	42
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-
Total other comprehensive income, net of income tax	3	9	1	40
14 Total comprehensive loss for the period (12 + 13)	(586)	(556)	(997)	(3,839)
15 Net Loss attributable to:				
- Shareholders	(589)	(565)	(998)	(3,879)
- Non-controlling interests	-	-	-	-
Total comprehensive loss attributable to:				
- Shareholders	(586)	(556)	(997)	(3,839)
- Non-controlling interests	-	-	-	-
16 Paid-up equity share capital (Face value per share in Rs. 2/-)	6,584	6,584	6,584	6,584
17 Reserve as per balance sheet of previous accounting year	-	-	-	(31,934)
18 Earnings per share for continuing operations (of Rs 2/- each) (not annualised):				
(a) Basic	(0.18)	(0.17)	(0.30)	(1.18)
(b) Diluted	(0.18)	(0.17)	(0.30)	(1.18)
19 Earnings per share for discontinued operations (of Rs 2/- each) (not annualised):				
(a) Basic	-	-	-	-
(b) Diluted	-	-	-	-
20 Earnings per share for discontinued & continuing operations (of Rs 2/- each) (not annualised):				
(a) Basic	(0.18)	(0.17)	(0.30)	(1.18)
(b) Diluted	(0.18)	(0.17)	(0.30)	(1.18)

Segment-wise information

(Rs. In Lakhs)

Particulars	Three months ended			Year ended
	30.06.2023	31.03.2023	30.06.2022	31.03.2023
	Unaudited	Audited	Unaudited	Audited
1. Segment Revenue				
- Hardware Products and Solutions*	1,018	699	759	2,574
- Distribution	112	127	153	567
- Learning	-	-	-	-
Total	1,130	826	912	3,141
Less : Inter segment revenue	-	-	-	-
Revenue from operations	1,130	826	912	3,141
2. Segment results				
- Hardware Products and Solutions	(398)	(1,420)	(681)	(3,250)
- Distribution	(132)	54	106	180
- Learning	-	(7)	(3)	(7)
Total	(530)	(1,373)	(578)	(3,077)
Less :				
i) Interest expense	15	9	140	193
ii) Other un-allocable expenditure net of un-allocable (income)	44	(822)	280	604
Total Loss before tax	(589)	(560)	(998)	(3,874)
3. Segment Assets				
- Hardware Products and Solutions	25,358	24,895	16,888	24,895
- Distribution	10,422	10,546	9,878	10,546
- Learning	89	91	80	91
- Unallocated	12,321	15,058	14,893	15,058
Total Assets	48,190	50,590	41,739	50,590
4. Segment Liabilities				
- Hardware Products and Solutions	34,891	35,140	22,373	35,140
- Distribution	3,084	3,018	2,249	3,018
- Learning	75	78	65	78
- Unallocated	36,074	37,704	39,557	37,704
Total Liabilities	74,124	75,940	64,244	75,940

*Revenue for the quarter ended June 30, 2023 includes one time change request of Rs 479 lakhs.

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Notes:

1. Consolidated results include financial results of HCL Infosystems Limited (hereinafter referred to as "the Parent"), HCL Infotech Limited, HCL Investments Pte. Limited, Pimpri Chinchwad eServices Limited and Nurture Technologies FZE (hereinafter together referred to as "the Group"). These results have been prepared in accordance with the Indian Accounting Standard (referred to as "Ind AS") 34 - Interim Financial Reporting prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time.

These results have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on August 10, 2023. The statutory auditors have issued unmodified review report on these results.

2. As at June 30, 2023, the Group has accumulated losses and its net worth has been fully eroded, the Group's current liabilities exceeded its current assets by Rs 46,275 Lakhs (March 31, 2023 - Rs. 47,041 Lakhs). The losses are primarily a result of delayed receipts on certain system integration contracts, historical low margin contracts and cost of ongoing contract litigations which are at different stages of progression. The management of HCL Infosystems Limited (Parent Company), is pursuing strategies which include scale down of loss-making businesses like scaling down of the distribution business (refer note 6), sale of certain non-core properties (refer note 4) and reduction in outstanding debts. To ensure the necessary financial support for its operations, the Board of Directors of HCL Corporation Private Limited has approved support in the form of corporate guarantees to banks of Rs 33,035 Lakhs and interest free unsecured loans of Rs 33,500 Lakhs to the Parent Company out of total authorized limit of Rs. 1,50,000 Lakhs. This had been approved by the shareholders of the Parent Company, vide their resolution dated September 14, 2017. Considering the above support, the Parent's management and the Board of Directors have a reasonable expectation that the Group will be able to realise its assets and discharge its contractual obligations and liabilities as they fall due in the near future in the normal course of business. Accordingly, the consolidated financial results have been prepared on a going concern basis.

3. Exceptional items include :

Particulars	Three months ended			Year ended
	30.06.2023	31.03.2023	30.06.2022	31.03.2023
	Unaudited	Audited	Unaudited	Audited
Gain on sale of properties, plant and equipment	-	897	487	1,384
Total Gain (Refer Note No. 4)	-	897	487	1,384

4. In order to reduce Company's debt obligations, the Company has decided to monetize Company owned properties in a phased manner. Several of Company's properties are not being fully utilized due to changes in the business of the Company. As a part of ongoing property monetisation plan, the Company has sold certain properties in the previous quarters and recognised an overall gain on disposal of Rs 897 Lakhs for the quarter ended March 31, 2023, Rs 487 Lakhs for the quarter ended June 30, 2022 and Rs 1,384 Lakhs for the year ended March 31, 2023.

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

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

Since the Transferor Companies were the wholly-owned subsidiaries of the Transferee Company, there was no consideration applicable. The difference between the amounts recorded as investments of the Company (Transferee Company) and the amount of share capital of the aforesaid amalgamating subsidiaries (Transferor Companies) has been adjusted in the Common Control Transaction Capital Reserve in accordance with the guidance under Appendix C of IND AS 103 "Business Combinations". Accordingly, financial results for the quarter ended June 30, 2022 have been restated to give effect of the Scheme. The impact of the scheme is not material on the standalone financial results of the company.

6. Based on the report of the consulting firm appointed by the Board of Directors and the inputs of the management team, the Board in their meeting dated January 27, 2020 decided that because of low margin contracts, tough market conditions and the then financial position of the Group, the Distribution businesses of the Group were not financially sustainable. Consequently, as per the Board of Directors recommendation in order to limit future financial losses, the Enterprise and Consumer Distribution Business has been substantially scaled down.
7. Based on the detailed assessment performed by Management which also included, wherever considered necessary, performing reconciliation with the parties, the Group has credited its Statement of Profit and Loss with Rs 21 Lakhs for the quarter ended June 30, 2023 and Rs 425 Lakhs for the quarter ended March 31, 2023, Rs 248 Lakhs for the quarter ended June 30, 2022 and Rs 1,091 Lakhs for the year ended March 31, 2023, on account of write back of certain old payables and provisions.
8. The Group is facing delays in receipts from the customers, primarily in the System Integration Business, due to which the Group has charged its Statement of Profit and Loss with Rs Nil for the quarter ended June 30, 2023 and Rs 29 Lakhs for the quarter ended March 31, 2023, Rs 148 Lakhs for the quarter ended June 30, 2022 and Rs 180 Lakhs for the year ended March 31, 2023 on account of provision for certain receivable balances.

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

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

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

10. HCL Infosystems Limited was awarded the order for supply, installation and commissioning of communication infrastructure, on turnkey basis, for (Commonwealth Games) CWG and later the work of re-deployment of equipment in MTNL's network in Delhi and Mumbai was also included. Disputes arose between both the parties with regard to completion of the project and Arbitration proceedings were initiated by HCL Infosystems Limited to recover the pending amount. In August 2014, the Arbitral Tribunal passed an Award in favour of HCL Infosystems Limited, whereby allowing majority of its claim and dismissing all the counter-claims of MTNL.

MTNL challenged the Award before the High Court of Delhi and the same was dismissed. MTNL filed an Appeal before the Division Bench of the High Court challenging the said dismissal, wherein during the March 2016, the MTNL was directed to deposit a total sum of Rs.9,130 Lakhs (Rs. 8,035 Lakhs principal and Rs. 1,095 Lakhs interest) with the Court in the form of a Fixed Deposit.

This contract was part of Hardware Solutions business transferred to HCL Infotech Limited under Scheme of Arrangement in 2013. HCL Infotech Limited filed an application for release of the aforesaid Fixed Deposit (including accumulated interest accrued thereon till date of release of Rs 4,307 Lakhs including TDS) of Rs. 12,342 Lakhs. Accordingly, the same has been released on adhoc basis vide order of the Hon'ble High Court of Delhi dated September 28, 2022 against a Bank Guarantee.

As part of issuance of Optionally Convertible Debentures (OCDs), HCL Infotech Limited has transferred its rights to receive cash flows from MTNL to the HCL Infosystems Limited and as per the terms of OCDs, cash collected shall be utilized to redeem OCDs. However, since MTNL's Appeal is sub-judice (pending disposal) before the Division Bench of the High Court, amount has not been utilized for redemption of OCDs and shown as amount collected under litigation as a part of current liabilities in the financial statement of HCL Infotech Limited.

11. The figures of the last quarter are the balancing figures between audited figures in respect of the full financial year upto March 31, 2023 and the unaudited published year-to-date figures upto December 31, 2022 being the date of the end of the third quarter of the financial year which were subjected to a limited review.

for HCL Infosystems Limited

Nikhil Sinha
Chairperson

NIKHIL
SINHA
Place : Noida
Date : August 10, 2023

Digitally signed by
NIKHIL SINHA
DN: cn=NIKHIL SINHA,
o=HCL Infosystems Limited,
ou=HCL Infosystems Limited,
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Limited Review Report on unaudited consolidated financial results of HCL Infosystems Limited for the quarter ended 30 June 2023 pursuant to Regulation 33 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To the Board of Directors of HCL Infosystems Limited

1. We have reviewed the accompanying Statement of unaudited consolidated financial results of HCL Infosystems Limited (hereinafter referred to as "the Parent"), and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group") for the quarter ended 30 June 2023 ("the Statement"), being submitted by the Parent pursuant to the requirements of Regulation 33 of the Securities and Exchange Board of India (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 Securities and Exchange Board of India under Regulation 33(8) of the Listing Regulations, to the extent applicable.
4. The Statement includes the results of the following entity:

Parent entity
HCL Infosystems Limited

Subsidiaries
a) HCL Infotech Limited
b) HCL Investment Pte. Limited
c) Pimpri Chinchwad eservices Limited
d) Nurture Technologies FZE
5. Attention is drawn to the fact that the figures for the three months ended 31 March 2023 as reported in the Statement are the balancing figures between audited figures in respect of the full previous financial year and the published year to date figures up to the third quarter of the previous financial year. The figures up to the end of the third quarter of previous financial year had only been reviewed and not subjected to audit.

6. 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.
7. We draw attention to note 2 of the consolidated financial results, which states that the Group has accumulated losses as at 30 June 2023. Further its net worth is fully eroded and that the Group's current liabilities exceed its current assets as at 30 June 2023. These conditions, along with other matters set forth in note 6, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern i.e., whether 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. However, based upon the measures as set forth in the note 2, 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 operate as a going concern in the near future. Accordingly, management has prepared the consolidated financial results on a going concern basis.

Our conclusion is not modified in respect of this matter.

8. The Statement includes the interim financial results of 3 Subsidiaries which have not been reviewed, whose interim financial results reflects total revenues (before consolidation adjustments) of Rs. Nil, total net profit after tax (before consolidation adjustments) of Rs. 2 lakh and total comprehensive income (before consolidation adjustments) of Rs. 5 lakh for the quarter ended 30 Jun 2023, as considered in the Statement. According to the information and explanations given to us by the Parent's management, these interim financial results are not material to the Group.

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

GIRISH
ARORA

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GIRISH ARORA
Date: 2023.08.10
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Girish Arora

Partner

New Delhi

10 August 2023

Membership No.: 098652

UDIN: 23098652BGYZLW7634