

9th August 2022

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, 2022

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

Dear Sirs,

This is further to our letter dated 2nd August, 2022 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, 2022, duly reviewed and recommended by the Accounts and Audit Committee at the meeting held today i.e., 9th August, 2022. (As enclosed)
2. Limited Review Report on the aforesaid un-audited standalone and consolidated financial results. Further, we wish to state that the said Reports are with unmodified opinion. (As enclosed)

The meeting of the Board of Directors commenced at 1:00 P.M. and concluded at 4:00 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, 2022
 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

Particulars		Standalone			
		Three months ended		Year ended	
		30.06.2022	31.03.2022	30.06.2021	31.03.2022
		Unaudited	Audited	Unaudited	Audited
1	Income				
	Revenue from operations	166	298	309	919
	Other income	358	978	776	2,837
	Total Income	524	1,276	1,085	3,756
2	Expenses				
(a)	Cost of materials consumed	-	2	-	2
(b)	Purchase of stock-in-trade	144	140	441	721
(c)	Changes in inventories of finished goods and stock-in-trade	-	(0)	(184)	53
(d)	Employee benefits expense	227	136	187	668
(e)	Finance costs	120	214	531	1,264
(f)	Depreciation and amortization expense	14	18	49	135
(g)	Legal, professional and consultancy charges	222	324	312	1,399
(h)	Other expenses	513	1,883	1,077	4,307
	Total expenses	1,240	2,717	2,413	8,549
3	Loss before exceptional items and tax (1 - 2)	(716)	(1,441)	(1,328)	(4,793)
4	Exceptional Items Gain/(loss) (Refer note 2)	(247)	(698)	6,320	7,261
5	Profit / (Loss) before tax (3 + 4)	(963)	(2,139)	4,992	2,468
6	Tax expense				
(a)	Current tax	-	-	-	-
(b)	Deferred tax expense	-	-	-	-
7	Net Profit/(Loss) for the period (5 - 6)	(963)	(2,139)	4,992	2,468
8	Other comprehensive income				
A (i)	Items that will not be reclassified to profit or loss	-	(25)	-	(25)
(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	-	(25)	-	(25)
9	Total comprehensive income for the period (7 + 8)	(963)	(2,164)	4,992	2,443
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				(28,624)
12	Earnings per share (of Rs 2/- each) (not annualised):				
(a)	Basic	(0.29)	(0.65)	1.52	0.75
(b)	Diluted	(0.29)	(0.65)	1.52	0.75

Notes

1. 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 9, 2022. The statutory auditors have issued unmodified review report on these results.

2. Exceptional items include :

Particulars	Three months ended		Year ended	
	30.06.2022	31.03.2022	30.06.2021	31.03.2022
	Unaudited	Audited	Unaudited	Audited
a. Profit on sale of property, plant and equipment's (Refer note no 9)	487	158	6,203	10,484
b. Reversal/(Provision) against loan given to subsidiary	2	(1)	117	2,169
c. Provision for loss in subsidiary#	(736)	(521)	-	(5,059)
d. Impairment of property (Refer note no 9)		(333)	-	(333)
Total Profit / (Loss) - (a+b+c+d)	(247)	(698)	6,320	7,261

The Company has made provision of Rs 736 Lakhs for the quarter ended June 30, 2022 and Rs 521 Lakhs for the quarter ended March 31, 2022, Nil for the quarter ended June, 30 2021 and Rs 5,059 Lakhs for the year ended March 31, 2022, on account of accumulated losses and erosion of net worth of HCL Infotech Limited, a wholly owned subsidiary.

3. As at June 30, 2022, 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. 40,756 Lakhs (March 31, 2022 - Rs. 38,801 Lakhs) as at June 30, 2022. The losses are primarily a result of delayed receipts on certain system integration contracts, historical low margin contracts, large litigations and their costs 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 9) 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 25,000 Lakhs and interest free unsecured loans of Rs 35,500 Lakhs to the Company out of total authorized limit of Rs.1,50,000 Lakhs. This had been approved by the shareholders of the Company, vide their resolution dated September 14, 2017. Considering the above support, the Company's management and the Board of Directors have a reasonable expectation that the Company will be able to realise its assets and discharge its contractual obligations and liabilities as they fall due in the near future in the normal course of business. Accordingly, these financial results have been prepared on a going concern basis.

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.

6. The Company initiated a scheme of amalgamation of Digilife Distribution and Marketing Services Limited (DDMS) and HCL Learning Limited (Learning), wholly owned subsidiaries, with and into HCL Infosystems Limited (HCL). The rationale for this is to consolidate businesses into a single entity, simplify the corporate structure and reducing administrative costs. The petition for sanctioning of the scheme was filed before the Hon'ble NCLT, New Delhi bench on 13th December 2021. Pursuant to order of the Hon'ble NCLT, New Delhi dated January 18, 2022, notices were duly issued to statutory authorities inviting their objections to the scheme and reports have been obtained from the Official Liquidator and the Regional Director. Adequate responses to their observations have also been filed before the Hon'ble NCLT along with necessary compliances. The Company also applied for change in Appointed Date of the Scheme from April 01, 2020 to April 01, 2022 before Hon'ble NCLT which was allowed vide order dated June 09, 2022. The final order in this matter has been reserved by the Hon'ble NCLT on July 08, 2022 and pronouncement of the order is awaited. Pending finalisation of final order by the Hon'ble NCLT in this matter which is significant in nature, no effect of this matter has been given in these financial results.

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 220 Lakhs for the quarter ended June 30, 2022, Rs 415 Lakhs for the quarter ended March 31, 2022, Nil for the quarter ended June 30, 2021 and Rs 1,102 Lakhs for the year ended March 31, 2022, on account of written back of certain old payables and provisions.

8. The company is facing delays in receipts from the customers, primarily in the System Integration Business, due to which the company has charged its Statement of Profit & Loss with Nil for the quarter ended June 30, 2022, Rs 995 Lakhs for the quarter ended March 31, 2022 and Nil for the quarter ended June 30 2021 and 1,556 Lakhs for the year ended March 31, 2022 on account of provision for certain receivable balances.

9. 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, therefore as a part of ongoing property monetisation plan, during the quarter ended, June 30, 2022, the Company has disposed three properties situated in Maharashtra, Pondicherry and West Bengal, having net carrying amount of Rs.377 Lakhs, for a consideration of Rs. 864 Lakhs, resulting an overall gain of Rs. 487 Lakhs. (Rs 175 Lakhs) net off impairment loss of Rs 333 Lakhs for the quarter ended March 31, 2022, Rs 6,203 Lakhs for the quarter ended June 30, 2021 and Rs 10,151 net off impairment loss of Rs 333 Lakhs for the year ended March 31, 2022).

10. 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, 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., Singapore & its step down subsidiary through a share purchase agreement. Unaudited net asset value of HCL Infotech Limited post this carve out as on September 30, 2020 is Rs 14,700 Lakhs. The sale will be made to Novezo Consulting Pvt. Ltd based on the terms and conditions as specified in share purchase agreement dated February 10, 2021. One of the key customer of the company's defence project, which is forming part of the transaction has asked the company to novate the project to either HCL Infosystems Limited or a third party service provider acceptable to the customer, instead of transferring the said project as part of HCL Infotech Limited sale. The company is currently in discussion with the customer and some of the prospective third party service providers. This exercise has resulted in a significant delay in closing the transaction sale of HCL Infotech to Novezo. Currently In addition, some of the terms of the Share Purchase Agreement are being renegotiated with Novezo and there are several unresolved issues. The revised SPA which, if resolved, will be subject to approval of the Board and the Shareholders of the Company.

11. The figures of the last quarter are the balancing figures between audited figures in respect of the full financial year upto March 31, 2022 and the unaudited published year-to-date figures upto December 31, 2021 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

Nikhil Sinha
Chairperson

Place : Noida
Date : August 09, 2022

B S R & Associates LLP

Chartered Accountants

Building No.10,12th Floor, Tower-C,
DLF Cyber City, Phase-II,
Gurugram – 122 002, India

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Limited Review Report on unaudited standalone financial results of HCL Infosystems Limited for the quarter ended 30 June 2022 pursuant to Regulation 33 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

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 (“the Company”) for the quarter ended 30 June 2022 (“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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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. Attention is drawn to the fact that the figures for the three months ended 31 March 2022 as reported 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 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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 2022. Further its net worth is fully eroded and that the Company’s current liabilities exceed its current assets as at 30 June 2022. 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 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.

Registered Office:

B S R & Associates LLP

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

Partner

New Delhi

09 August 2022

Membership No.: 098652

UDIN:22098652AOQEVQ4204

HCL INFOSYSTEMS LIMITED
Unaudited Consolidated financial results for the quarter ended June 30, 2022
 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, 2022

(Rs. In Lakhs)

	Particulars	Consolidated			
		Three months ended		Year ended	
		30.06.2022	31.03.2022	30.06.2021	31.03.2022
		Unaudited	Audited	Unaudited	Audited
1	Income				
	Revenue from operations	912	1,386	2,761	6,944
	Other income	483	1,202	818	4,154
	Total Income	1,395	2,588	3,579	11,098
2	Expenses				
(a)	Cost of materials consumed	-	2	-	2
(b)	Purchase of stock-in-trade	146	148	454	817
(c)	Changes in inventories of finished goods and stock-in-trade	2	164	(180)	232
(d)	Other direct expense	289	81	1,377	3,517
(e)	Employee benefits expense	548	508	901	2,667
(f)	Finance costs	140	232	563	1,370
(g)	Depreciation and amortisation expense	15	18	55	147
(h)	Legal, professional and consultancy charges	622	845	689	3,240
(i)	Other expenses	1,118	2,472	1,865	6,683
	Total expenses	2,880	4,470	5,724	18,675
3	Loss before exceptional items and tax from continuing operations (1 - 2)	(1,485)	(1,882)	(2,145)	(7,577)
4	Exceptional Items gain/(loss) (Refer note 3)	487	(175)	6,203	10,151
5	Profit / (Loss) before tax from continuing operations (3 + 4)	(998)	(2,057)	4,058	2,574
6	Tax expense / (credit)				
(a)	Current tax	-	122	-	122
(b)	Deferred tax expense	-	-	-	-
7	Profit / (Loss) for the period from continuing operations (5 - 6)	(998)	(2,179)	4,058	2,452
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 Profit / (Loss) for the period (7+ 11)	(998)	(2,179)	4,058	2,452
13	Other comprehensive income				
A (i)	Items that will not be reclassified to profit and loss	-	(41)	-	(41)
(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	1	30	21	86
(ii)	Income tax relating to items that will be reclassified to profit or loss	-	-	-	-
	Total other comprehensive income, net of income tax	1	(11)	21	45
14	Total comprehensive income for the period (12 + 13)	(997)	(2,190)	4,079	2,497
15	Net Profit/(Loss) attributable to:				
	- Shareholders	(998)	(2,179)	4,058	2,452
	- Non-controlling interests	(0)	(0)	(0)	(0)
	Total comprehensive income attributable to:				
	- Shareholders	(997)	(2,190)	4,079	2,497
	- Non-controlling interests	(0)	(0)	(0)	(0)
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				(28,095)
18	Earnings per share for continuing operations (of Rs 2/- each) (not annualised):				
(a)	Basic	(0.30)	(0.66)	1.23	0.74
(b)	Diluted	(0.30)	(0.66)	1.23	0.74
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	(0.30)	(0.66)	1.23	0.74
(b)	Diluted	(0.30)	(0.66)	1.23	0.74

Segment-wise information

(Rs. In Lakhs)

	Particulars	Three months ended			
		30.06.2022	31.03.2022	30.06.2021	31.03.2022
		Unaudited	Audited	Unaudited	Audited
1.	Segment Revenue				
	- Hardware Products and Solutions	759	1,108	2,461	6,096
	- Distribution	153	278	300	848
	- Learning	-	-	-	-
	Total	912	1,386	2,761	6,944
	Less : Inter segment revenue	-	-	-	-
	Revenue from operations	912	1,386	2,761	6,944
2.	Segment results				
	- Hardware Products and Solutions	(681)	(489)	(851)	(3,048)
	- Distribution	106	275	(112)	245
	- Learning	(3)	71	(1)	51
	Total	(578)	(143)	(964)	(2,752)
	Less :				
i)	Interest expense	140	232	563	1,370
ii)	Other un-allocable expenditure net off un-allocable (income)	280	1,682	(5,585)	(6,696)
	Total Profit / (Loss) before tax	(998)	(2,057)	4,058	2,574
3.	Segment Assets				
	- Hardware Products and Solutions	16,888	17,026	22,161	17,026
	- Distribution	9,878	10,078	13,356	10,078
	- Learning	80	79	131	79
	- Unallocated	14,893	21,942	29,521	21,942
	Total Assets	41,739	49,125	65,169	49,125
4.	Segment Liabilities				
	- Hardware Products and Solutions	22,373	22,547	27,173	22,547
	- Distribution	2,249	2,416	3,308	2,416
	- Learning	65	59	133	59
	- Unallocated	39,557	45,614	54,481	45,614
	Total Liabilities	64,244	70,636	85,095	70,636

Notes:

1. 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 9, 2022. The statutory auditors have issued unmodified review report on these results.
2. As at June 30, 2022, the Group has accumulated losses and its net worth has been fully eroded, the Group's current liabilities exceeded its current assets by Rs 43,193 Lakhs as at June 30, 2022 (March 31, 2022 - Rs. 41,170 Lakhs). The losses are primarily as a result of delayed receipts on certain system integration contracts, historical low margin contracts, large litigations and their costs 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 25,000 Lakhs and interest free unsecured loans of Rs 35,500 Lakhs to the Parent Company out of total authorized limit of Rs. 1,50,000 Lakhs. This had been approved by the shareholders of the Parent Company, vide their resolution dated September 14, 2017. Considering the above support, the Parent's management and the Board of Directors have a reasonable expectation that the Group will be able to realise its assets and discharge its contractual obligations and liabilities as they fall due in the near future in the normal course of business. Accordingly, the consolidated financial results have been prepared on a going concern basis.

3. Exceptional items include :

Particulars	Three months ended			
	30.06.2022		31.03.2022	
	Unaudited	Audited	Unaudited	Audited
Gain on sale of properties, plant and equipment's	487	158	6,203	10,484
Impairment of property	-	(333)	-	(333)
Total Gain/(Loss) (Refer Note No. 4)	487	(175)	6,203	10,151

4. In order to reduce Group's debt obligations, the Group has decided to monetize Group owned properties in a phased manner. Several of Group's properties are not being fully utilized due to changes in the business of the Group, therefore as a part of ongoing property monetisation plan, during the quarter ended, June 30, 2022, the Group has disposed three properties situated in Maharashtra, Pondicherry and West Bengal, having net carrying amount of Rs.377 Lakhs, for a consideration of Rs. 864 Lakhs, resulting an overall gain of Rs. 487 Lakhs. ((Rs 175 Lakhs) net off impairment loss of Rs 333 Lakhs for the quarter ended March 31, 2022, Rs 6,203 Lakhs for the quarter ended June 30, 2021 and Rs 10,151 net off impairment loss of Rs 333 Lakhs for the year ended March 31, 2022).
5. The Company initiated a scheme of amalgamation of Digilife Distribution and Marketing Services Limited (DDMS) and HCL Learning Limited (Learning), wholly owned subsidiaries, with and into HCL Infosystems Limited (HCLI). The rationale for this is to consolidate businesses into a single entity, simplify the corporate structure and reducing administrative costs. The petition for sanctioning of the scheme was filed before the Hon'ble NCLT, New Delhi bench on 13th December 2021. Pursuant to order of the Hon'ble NCLT, New Delhi dated January 18, 2022, notices were duly issued to statutory authorities inviting their objections to the scheme and reports have been obtained from the Official Liquidator and the Regional Director. Adequate responses to their observations have also been filed before the Hon'ble NCLT along with necessary compliances. The Company also applied for change in Appointed Date of the Scheme from April 01, 2020 to April 01, 2022 before Hon'ble NCLT which was allowed vide order dated June 09, 2022. The final order in this matter has been reserved by the Hon'ble NCLT on July 08, 2022 and pronouncement of the order is awaited. Pending finalisation of final order by the Hon'ble NCLT in this matter which is significant in nature, no effect of this matter has been given in these financial results.
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 248 Lakhs for the quarter ended June 30, 2022, Rs 577 Lakhs for the quarter ended March 31, 2022, Nil for the quarter ended June 30, 2021 and Rs 1,906 Lakhs for the year ended March 31, 2022, on account of written 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 148 Lakhs for the quarter ended June 30, 2022 (Rs 995 Lakhs for the quarter ended March 31, 2022 with reversal of corresponding credit of Rs. 766 lakhs and Rs. 569 Lakhs for the quarter ended June 30 2021 and 2,141 Lakhs for the year ended March 31, 2022 with reversal of corresponding credit of Rs. 766 lakhs) on account of provision for certain receivable balances.

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. 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. As per the consent terms executed between UIDAI and the Company, the Company has completed performance of 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) and the annual maintenance contract and software licenses for the period till 6 August 2021. 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, and also stipulates that the Company is entitled to receive the consideration for its services during the period covered by the consent terms, i.e. from May 2020 to August 2021, at the current market value. Pending determination of the current market value through arbitration, revenue is measured by the Company at existing contract price for the period May 2020 to August 2021. The differential revenue on the basis of current market value 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 in the last year with the vendors.

10. 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, 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., Singapore & it's step down subsidiary through a share purchase agreement. Unaudited net asset value of HCL Infotech Limited post this carve out as on September 30, 2020 is Rs 14,700 Lakhs. The sale will be made to Novezo Consulting Pvt. Ltd based on the terms and conditions as specified in share purchase agreement dated February 10, 2021. One of the key customer of the company's defence project, which is forming part of the transaction has asked the company to novate the project to either HCL Infosystems Limited or a third party service provider acceptable to the customer, instead of transferring the said project as part of HCL Infotech Limited sale. The company is currently in discussion with the customer and some of the prospective third party service providers. This exercise has resulted in a significant delay in closing the transaction sale of HCL Infotech to Novezo. Currently In addition, some of the terms of the Share Purchase Agreement are being renegotiated with Novezo and there are several unresolved issues. The revised SPA which, if resolved, will be subject to approval of the Board and the Shareholders of the Company.

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

12. The figures of the last quarter are the balancing figures between audited figures in respect of the full financial year upto March 31, 2022 and the unaudited published year-to-date figures upto December 31, 2021 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
ChairpersonPlace : Noida
Date : August 09, 2022

B S R & Associates LLP

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Limited Review Report on unaudited consolidated financial results of HCL Infosystems Limited for the quarter ended 30 June 2022 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 (“the Parent”), and its subsidiaries (the Parent and its subsidiaries together referred to as “the Group”) for the quarter ended 30 June 2022 (“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

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

5. Attention is drawn to the fact that the figures for the three months ended 31 March 2022 as reported in these unaudited consolidated 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.

Registered Office:

B S R & Associates LLP

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 2022. Further its net worth is fully eroded and that the Group's current liabilities exceed its current assets as at 30 June 2022. 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. We draw attention to note 9 of the consolidated financial results for the quarter ended 30 June 2022, 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 in respect of the Managed Service Provider ("MSP") contract against one of the major customers. As stated in the said note, the said liability award provides, inter alia, that HCL Infosystems Limited 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 recognized for the difference in the expected current market value and the existing contract price for the services provided to the customer from May 2020 to August 2021.

Our conclusion is not modified in respect of this matter.

9. The Statement includes the financial results of 3 Subsidiary(ies) which have not been reviewed, whose financial results reflect total revenues (before consolidation adjustments) of nil, total net loss (before consolidation adjustments) after tax of Rs. 11 Lakhs and total comprehensive loss of Rs. 10 Lakhs for the quarter ended 30 June 2022, as considered in the Statement. According to the information and explanations given to us by the Parent's management, these 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

Partner

New Delhi

09 August 2022

Membership No.: 098652

UDIN:22098652AOQFKA7058