

HCL INFOSYSTEMS LIMITED
Unaudited Standalone Financial Results for the quarter and six months ended September 30, 2023
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Standalone Statement of Profit and Loss of HCL Infosystems Limited as per Ind AS:

(Rs. In Lakhs)

Particulars	Standalone					
	Three months ended			Year to date		
	30.09.2023	30.06.2023	30.09.2022	30.09.2023	30.09.2022	31.03.2023
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1 Income						
Revenue from operations	114	128	154	242	320	608
Other income	389	209	433	598	787	1,367
Total Income	503	337	587	840	1,107	1,975
2 Expenses						
(a) Purchase of services	113	127	102	240	246	453
(b) Changes in inventories of stock-in-trade	-	-	-	-	-	2
(c) Employee benefits expense	146	151	236	297	463	867
(d) Finance costs	13	14	10	27	130	153
(e) Depreciation and amortization expense	14	14	14	28	28	57
(f) Legal, professional and consultancy charges	203	255	276	458	505	949
(g) Other expenses	257	404	581	661	1,101	1,823
Total expenses	746	965	1,219	1,711	2,473	4,304
3 Loss before exceptional items and tax (1 - 2)	(243)	(628)	(632)	(871)	(1,366)	(2,329)
4 Exceptional Items Gain/(loss) (Refer note 2)	727	35	(392)	762	(641)	(1,508)
5 Profit/ (Loss) before tax (3 + 4)	484	(593)	(1,024)	(109)	(2,007)	(3,837)
6 Tax expense	-	-	-	-	-	-
(a) Current tax	-	-	-	-	-	-
(b) Deferred tax expense	-	-	-	-	-	-
7 Net Profit/(Loss) for the period (5 - 6)	484	(593)	(1,024)	(109)	(2,007)	(3,837)
8 Other comprehensive income						
A (i) Items that will not be reclassified to profit and loss	-	-	-	-	-	2
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-	-
B (i) Items that will be reclassified to profit and loss	-	-	-	-	-	-
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-
Total other comprehensive income net of income tax	-	-	-	-	-	2
9 Total comprehensive income/(loss) for the period (7 + 8)	484	(593)	(1,024)	(109)	(2,007)	(3,835)
10 Paid-up equity share capital (Face value per share of Rs. 2/-)	6,584	6,584	6,584	6,584	6,584	6,584
11 Reserve as per balance sheet of previous accounting year						(32,099)
12 Earnings per share (of Rs 2/- each) (not annualised):						
(a) Basic	0.15	(0.18)	(0.31)	(0.03)	(0.61)	(1.17)
(b) Diluted	0.15	(0.18)	(0.31)	(0.03)	(0.61)	(1.17)

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

(Rs. In Lakhs)

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

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Notes

- These unaudited standalone financial results (hereinafter referred as "results") have been prepared in accordance with the Indian Accounting Standard (referred to as "Ind AS") 34 - Interim Financial Reporting prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time. These results have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on November 07, 2023. The statutory auditors have issued unmodified review report on these results.

- Exceptional items include :

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

- As at September 30, 2023, the Company has accumulated losses and its net worth has been fully eroded, and the Company's current liabilities exceeded its current assets by Rs. 42,173 Lakhs (March 31, 2023 - Rs. 43,081 Lakhs). The losses are primarily a result of delayed receipts on certain system integration contracts, historical low margin contracts and cost of ongoing contract litigations which are at different stages of progression. The management of the Company, is pursuing strategies which include scale down of loss-making businesses like scaling down of the distribution business (refer note 4), sale of certain non-core properties (refer note 8) and reduction in outstanding debts. To ensure the necessary financial support for its operations, the Board of Directors of HCL Corporation Private Limited has approved support in the form of corporate guarantees to banks of Rs 33,035 Lakhs and interest free unsecured loans of Rs 35,500 Lakhs to the Company out of total authorized limit of Rs.1,50,000 Lakhs. This had been approved by the shareholders of the Company, vide their resolution dated September 14, 2017. Considering the above support, the Company's management and the Board of Directors have a reasonable expectation that the Company will be able to realise its assets and discharge its contractual obligations and liabilities as they fall due in the near future in the normal course of business. Accordingly, these financial results have been prepared on a going concern basis.
- Based on the report of the consulting firm appointed by the Board of Directors and the inputs of the management team, the Board in their meeting dated January 27, 2020 decided that because of low margin contracts, tough market conditions and the then financial position of the company, the Distribution businesses of the company were not financially sustainable. Consequently, as per the Board of Directors recommendation in order to limit future financial losses, the Enterprise and Consumer Distribution Business has been substantially scaled down.
- As per Ind AS 108 'Operating Segments', the Company has disclosed the segment information only as part of the consolidated financial results.
- The Hon'ble National Company Law Tribunal (NCLT) of New Delhi has approved the Scheme of Arrangement providing for the merger of two direct wholly-owned subsidiaries viz. Digilife Distribution and Marketing Services Limited (DDMS) and HCL Learning Limited (Learning) (the "Transferor companies") with and into HCL Infosystems Limited (the "Transferee company") with effect from April 01, 2022, the appointed date. Hon'ble NCLT, vide its order dated August 10, 2022 read with corrigendum dated September 12, 2022 has sanctioned the Scheme.

Since the Transferor Companies were the wholly-owned subsidiaries of the Transferee Company, there was no consideration applicable. The difference between the amounts recorded as investments of the Company (Transferee Company) and the amount of share capital of the aforesaid amalgamating subsidiaries (Transferor Companies) has been adjusted in the Common Control Transaction Capital Reserve in accordance with the guidance under Appendix C of IND AS 103 "Business Combinations".

- Based on the detailed assessment performed by Management which also included, wherever considered necessary, performing reconciliation with the parties, the Company has credited its Statement of Profit and Loss with Rs 175 Lakhs for the quarter ended September 30, 2023, Rs Nil for the quarter ended June 30, 2023, Rs 318 Lakhs for the quarter ended September 30, 2022, Rs 175 Lakhs for the period ended September 30, 2023, Rs 535 Lakhs for the period ended September 30, 2022 and Rs 756 Lakhs for the year ended March 31, 2023, on account of written back of certain old payables and provisions.
- In order to reduce Company's debt obligations, the Company has decided to monetize Company owned properties in a phased manner. Several of Company's properties were not being fully utilized due to changes in the business of the Company, therefore as a part of ongoing property monetisation plan, during the period ended, September 30, 2023, the Company has disposed one property situated in Chennai, having net carrying amount of Rs.304 Lakhs, for a consideration of Rs. 1,500 Lakhs, resulting an overall gain of Rs. 1,196. (Rs 1,196 Lakhs for the quarter ended September 30, 2023, Nil for the quarter ended June 30, 2023, Nil for the quarter ended September 30, 2022, Rs 487 Lakhs for the period ended September 30, 2022 and Rs 1,384 Lakhs for the year ended March 31, 2023.

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

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

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

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

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

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

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

- A statement of cash flow is attached in Annexure A

By order of the Board
for HCL Infosystems Limited

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Nikhil Sinha
Chairperson
Date : November 07, 2023

Standalone Cash Flow Statement of HCL Infosystems Limited as per Ind AS:

(Rs. In Lakhs)

Particulars	Year to date		Year ended
	30.09.2023	30.09.2022	31.03.2023
	Unaudited	Unaudited	Audited
Cash flow from Operating Activities:			
Loss before tax	(109)	(2,007)	(3,837)
Adjustments for:			
Depreciation and amortisation expense	28	28	57
Finance cost	27	130	153
Interest income	(126)	(79)	(178)
Interest on income tax refund	(61)	-	-
Net gains (losses) on fair value changes on investments	(42)	88	(20)
Net profit on sale of properties	(1,196)	(488)	(1,385)
Property, plant and equipment written-off	-	-	18
Gain on sale of investment carried at FVTPL	(43)	(163)	(117)
Provision for Loss in subsidiary	434	1,128	2,892
Gain on foreign exchange fluctuation	(16)	(18)	(71)
Provision for doubtful debts	-	172	134
Provisions for Input tax credit	174	275	225
Provisions for doubtful other current assets	27	-	78
Provisions/liabilities no longer required written back	(175)	(578)	(756)
Operating loss before working capital changes	(1,078)	(1,512)	(2,807)
Changes in operating assets and liabilities			
- Decrease / (Increase) in trade receivables	30	(163)	(138)
- Decrease / (Increase) in non-current assets	174	(3)	234
- Decrease / (Increase) in current assets	171	2,839	(245)
- Decrease in inventories	-	-	2
- Increase / (decrease) in non current liabilities	(8)	3	15
- Increase / (decrease) in current liabilities	(49)	(3,308)	(1,570)
Cash flow used in operations	(760)	(2,144)	(4,509)
- Taxes (paid) / received	728	(127)	1,551
Net cash flow used in operating activities (A)	(32)	(2,271)	(2,957)
Cash flow from investing activities:			
Purchase of properties plant and equipments and intangible assets	(14)	(23)	(53)
Capital work-in-progress (including intangible assets under development)	-	(18)	9
Proceeds from sale of properties	-	1,385	3,342
Proceeds from sale of short term investments	6,560	6,498	21,106
Purchase of current investments	(6,750)	-	(15,599)
Interest received	126	79	178
Redemption/ (Investment) of bank deposits (net)	(382)	527	352
Gain on sale of investment carried at FVTPL	-	163	-
Inter corporate deposits given	-	(1)	(2)
Net cash flow from/ (used in) investing activities (B)	(460)	8,610	9,333
Cash Flow from Financing Activities:			
Proceeds from loans and borrowings	14,000	-	35,500
Repayment of loans and borrowings	(14,000)	(5,903)	(41,404)
Interest paid	(27)	(222)	(245)
Net cash flow used in financing activities (C)	(27)	(6,125)	(6,149)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	(519)	214	226
Opening balance of cash and cash equivalents	1,393	1,079	1,080
Exchange difference on translation of foreign currency cash and cash equivalent	12	(34)	87
Closing balance of cash and cash equivalents	886	1,259	1,393
Cash and cash equivalents comprise of			
Cash, cheques and drafts (on hand)	-	-	-
Balances with banks on current accounts	886	1,259	1,193
Balances with banks on deposits accounts	-	-	200

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Limited Review Report on unaudited standalone financial results of HCL Infosystems Limited for the quarter ended 30 September 2023 and year to date results for the period from 1 April 2023 to 30 September 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 September 2023 and year to date results for the period from 1 April 2023 to 30 September 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. 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 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.
5. We draw attention to note 3 of the statement, which states that the company has accumulated losses as at 30 September 2023. Further its net worth is fully eroded and that the Company's current liabilities exceed its current assets as at 30 September 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

Limited Review Report (Continued)

HCL Infosystems Limited

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.

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

07 November 2023

Membership No.: 098652

UDIN:23098652BGYZMW4705

HCL INFOSYSTEMS LIMITED
Unaudited Consolidated Financial Results for the quarter and six months ended September 30, 2023
 Regd.Off. 806, Siddharth, 96 Nehru Place, New Delhi 110 019.
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Consolidated Statement of Profit and Loss of HCL Infosystems Limited as per Ind AS:

(Rs. In Lakhs)

Particulars	Consolidated					
	Three months ended			Year to date		Year end
	30.09.2023	30.06.2023	30.09.2022	30.09.2023	30.09.2022	31.03.2023
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1 Income						
Revenue from operations	599	1,130	693	1,729	1,605	3,141
Other income	854	542	675	1,396	1,158	2,339
Total Income	1,453	1,672	1,368	3,125	2,763	5,480
2 Expenses						
(a) Purchase of services	113	127	111	240	257	483
(b) Changes in inventories of stock-in-trade	1	2	3	3	5	12
(c) Other direct expense	254	407	175	661	464	1,372
(d) Employee benefits expense	504	473	527	977	1,075	2,039
(e) Finance costs	12	15	32	27	172	193
(f) Depreciation and amortisation expense	14	14	14	28	29	58
(g) Legal, professional and consultancy charges	776	498	678	1,274	1,300	2,889
(h) Other expenses	491	725	837	1,216	1,955	3,692
Total expenses	2,165	2,261	2,377	4,426	5,257	10,738
3 Loss before exceptional items and tax from continuing operations (1 - 2)	(712)	(589)	(1,009)	(1,301)	(2,494)	(5,258)
4 Exceptional items gain (Refer note 3)	1,196	-	-	1,196	487	1,384
5 Profit/(Loss) before tax from continuing operations (3 + 4)	484	(589)	(1,009)	(105)	(2,007)	(3,874)
6 Tax expense / (credit)						
(a) Current tax	-	-	-	-	-	5
(b) Deferred tax expense	-	-	-	-	-	-
7 Profit/(Loss) for the period from continuing operations (5 - 6)	484	(589)	(1,009)	(105)	(2,007)	(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 Profit/ (Loss) for the period (7+ 11)	484	(589)	(1,009)	(105)	(2,007)	(3,879)
13 Other comprehensive income						
A (i) Items that will not be reclassified to profit and loss	-	-	-	-	-	(2)
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-	-
B (i) Items that will be reclassified to profit and loss	3	3	(6)	6	(5)	42
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-
Total other comprehensive income, net off income tax	3	3	(6)	6	(5)	40
14 Total comprehensive income/ (loss) for the period (12 + 13)	487	(586)	(1,015)	(99)	(2,012)	(3,839)
15 Net Profit/(Loss) attributable to:						
- Shareholders	484	(589)	(1,009)	(105)	(2,007)	(3,879)
- Non-controlling interests	-	-	-	-	-	-
Total comprehensive income attributable to:						
- Shareholders	487	(586)	(1,015)	(99)	(2,012)	(3,839)
- Non-controlling interests	-	-	-	-	-	-
16 Paid-up equity share capital (Face value per share of Rs. 2/-)	6,584	6,584	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	0.15	(0.18)	(0.31)	(0.03)	(0.61)	(1.18)
(b) Diluted	0.15	(0.18)	(0.31)	(0.03)	(0.61)	(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	0.15	(0.18)	(0.31)	(0.03)	(0.61)	(1.18)
(b) Diluted	0.15	(0.18)	(0.31)	(0.03)	(0.61)	(1.18)

Consolidated Balance Sheet of HCL Infosystems Limited as per Ind AS:

(Rs. In Lakhs)

Particulars	Consolidated	
	As at 30.09.2023 (Unaudited)	As at 31.03.2023 (Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	242	253
Other intangible assets	30	34
Financial assets		
i. Other financial assets	1,577	1,797
Advance income tax asset (net)	4,846	6,054
Other non-current assets	13,561	13,721
Total non-current assets	20,256	21,859
Current assets		
Inventories	36	39
Financial assets		
i. Investments	3,145	4,425
ii. Trade receivables	2,267	2,540
iii. Cash and cash equivalents	1,460	1,975
iv. Bank balances other than (iii) above	18,018	16,098
v. Other financial assets	699	439
Other current assets	2,728	2,902
Assets held for sale	9	313
Total Current Assets	28,362	28,731
Total assets	48,618	50,590
EQUITY AND LIABILITIES		
Equity		
Equity share capital	6,584	6,584
Other equity	(32,033)	(31,934)
Non-controlling interests	(0)	(0)
Total equity	(25,449)	(25,350)
LIABILITIES		
Non-current liabilities		
Financial liabilities		
i. Borrowings	-	-
Provisions	164	168
Total non-current liabilities	164	168
Current liabilities		
Financial liabilities		
i. Borrowings	35,501	35,501
ii. Trade payables	5,641	5,546
iii. Other financial liabilities	685	761
Other current liabilities	27,576	29,081
Provisions	4,500	4,883
Total current liabilities	73,903	75,772
Total liabilities	74,067	75,940
Total equity and liabilities	48,618	50,590

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Segment-wise information of HCL Infosystems Limited as per Ind AS:

Particulars	Three months ended			Year to date		Year end
	30.09.2023	30.06.2023	30.09.2022	30.09.2023	30.09.2022	31.03.2023
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1. Segment Revenue						
- Hardware Products and Solutions	491	1,018	554	1,509	1,313	2,574
- Distribution	108	112	139	220	292	567
- Learning	-	-	-	-	-	-
Total	599	1,130	693	1,729	1,605	3,141
Less : Intersegment revenue	-	-	-	-	-	-
Revenue from operations	599	1,130	693	1,729	1,605	3,141
2. Segment results profit / (loss) before tax and interest from each segment						
- Hardware Products and Solutions	(818)	(398)	(445)	(1,215)	(1,126)	(3,250)
- Distribution	139	(132)	35	7	141	180
- Learning	-	-	8	-	5	(7)
Total	(679)	(530)	(402)	(1,208)	(980)	(3,077)
Less :						
i) Interest expense	12	15	32	27	172	193
ii) Other un-allocable expenditure net off un-allocable (income)	(1,175)	44	575	(1,130)	855	604
Total Profit / (Loss) before tax	484	(589)	(1,009)	(105)	(2,007)	(3,874)
3. Segment Assets						
- Hardware Products and Solutions	26,003	25,358	20,968	26,003	20,968	24,895
- Distribution	10,549	10,422	10,708	10,549	10,708	10,546
- Learning	89	89	70	89	70	91
- Unallocated	11,977	12,321	16,069	11,977	16,069	15,058
Total Assets	48,618	48,190	47,815	48,618	47,815	50,590
4. Segment Liabilities						
- Hardware Products and Solutions	34,223	34,891	30,997	34,223	30,997	35,140
- Distribution	3,130	3,084	3,747	3,130	3,747	3,018
- Learning	74	75	45	74	45	78
- Unallocated	36,640	36,074	36,549	36,640	36,549	37,704
Total Liabilities	74,067	74,124	71,338	74,067	71,338	75,940

Notes

- 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 November 07, 2023. The statutory auditors have issued unmodified review report on these results.

- As at September 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 45,541 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 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.

- Exceptional items include :

Particulars	Three months ended			Year to date		Year end
	30.09.2023	30.06.2023	30.09.2022	30.09.2023	30.09.2022	31.03.2023
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Gain on sale of property, plant and equipments (Refer Note No. 4)	1,196	-	-	1,196	487	1,384
Total gain	1,196	-	-	1,196	487	1,384

- In order to reduce Company's debt obligations, the Company has decided to monetize Company owned properties in a phased manner. Several of Company's properties were not being fully utilized due to changes in the business of the Company, therefore as a part of ongoing property monetisation plan, during the period ended, September 30, 2023, the Company has disposed one property situated in Chennai, having net carrying amount of Rs.304 Lakhs, for a consideration of Rs. 1,500 Lakhs, resulting an overall gain of Rs. 1,196. (Rs 1,196 Lakhs for the quarter ended September 30, 2023, Nil for the quarter ended June 30, 2023, Nil for the quarter ended September 30, 2022, Rs 487 Lakhs for the period ended September 30, 2022 and Rs 1,384 Lakhs for the year ended March 31, 2023.

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

- The 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. Diglife Distribution and Marketing Services Limited (DDMS) and HCL Learning Limited (Learning) (the "Transferor companies") with and into HCL Infosystems Limited (the "Transferee company") with effect from April 01, 2022, the appointed date. Hon'ble NCLT, vide its order dated August 10, 2022 read with corrigendum dated September 12, 2022 has sanctioned the Scheme.

Since the Transferor Companies were the wholly-owned subsidiaries of the Transferee Company, there was no consideration applicable. The difference between the amounts recorded as investments of the Company (Transferee Company) and the amount of share capital of the aforesaid amalgamating subsidiaries (Transferor Companies) has been adjusted in the Common Control Transaction Capital Reserve in accordance with the guidance under Appendix C of Ind AS 103 "Business Combinations".

- Based on the 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.

- 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 343 Lakhs for the quarter ended September 30, 2023, Rs 21 Lakhs for the quarter ended June 30, 2023, Rs 411 Lakhs for the quarter ended September 30, 2022, Rs 364 Lakhs for the period ended September 30, 2023, Rs 659 Lakhs for the period ended September 30, 2022 and Rs 1,091 Lakhs for the year ended March 31, 2023, on account of written back of certain old payables and provisions.

- 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 Nil for the quarter ended September 30, 2023, Nil for the quarter ended June 30, 2023, Rs 106 Lakhs for the quarter ended September 30, 2022, Nil for the period ended September 30, 2023 and Rs 254 Lakhs for the period ended September 30, 2022 and Rs 180 Lakhs for the year ended March 31, 2023 on account of provision for certain receivable balances.

- 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.

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

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

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

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

- A statement of cash flow is attached in Annexure A

By order of the
for HCL Infosystems Limited

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Nikhil Sinha
Chairperson
Date : November 07, 2023

Consolidated Cash Flow Statement of HCL Infosystems Limited as per Ind AS:

(Rs. In Lakhs)

Particulars	Year to date		Year ended
	30.09.2023	30.09.2022	31.03.2023
	Unaudited	Unaudited	Audited
Cash Flow from Operating Activities:			
Loss before tax from continuing and discontinued operations	(105)	(2,007)	(3,874)
Adjustments for:			
Depreciation and amortisation expense	28	29	58
Finance cost	27	172	193
Interest income on FD & others	(637)	(124)	(476)
Interest on income tax refund	(70)	-	-
Net gains on fair value changes on investments	(54)	49	(80)
Net profit on sale of property, plant and equipment	(1,196)	(488)	(1,386)
Property, plant and equipment written-off	-	-	18
Profit on disposal of unquoted investments	(83)	(219)	(309)
Gain on foreign exchange fluctuation	(67)	(124)	(158)
Provision for doubtful debts	27	425	314
Provision for doubtful loans and advances and other current assets	27	-	99
Provisions/liabilities no longer required written back	(364)	(702)	(1,091)
Provisions for Input tax credit	174	589	1,312
Operating loss before working capital changes	(2,293)	(2,400)	(5,380)
Changes in operating assets and liabilities			
- (Increase) / Decrease in trade receivables	406	(574)	(1,894)
- (Increase) / Decrease in non-current assets	173	(4,884)	351
- (Increase) / Decrease in current assets	(225)	2,198	1,900
- Decrease in inventories	3	5	12
- Increase / (Decrease) in non current liabilities	(6)	40	13
- Increase / (Decrease) in current liabilities	(222)	7,265	11,220
Cash flow from/ (used in) operations	(2,164)	1,650	6,222
- Taxes (paid) / received	1,278	(484)	1,134
Net cash flow from/ (used in) operating activities (A)	(886)	1,166	7,356
Cash flow from investing activities:			
Payment for property, plant and equipment (including intangible assets)	(14)	(39)	(44)
Proceeds from sale of properties	(0)	1,386	3,369
Proceeds from sale of current investments	8,321	2,699	34,762
Purchase of current investments	(6,900)	-	(29,099)
Redemption/(Investments) in bank deposits	(1,517)	137	(11,227)
Movement in margin money account	(196)	468	242
Interest received	637	124	477
Net cash flow from/ (used in) investing activities (B)	331	4,775	(1,520)
Cash Flow from Financing Activities:			
Proceeds from loans and borrowings	14,000	-	35,500
Repayment of loans and borrowings	(14,000)	(5,902)	(41,403)
Interest paid	(27)	(264)	(285)
Net cash used in financing activities (C)	(27)	(6,166)	(6,188)
Net decrease in cash and cash equivalents (A+B+C)	(582)	(225)	(352)
Opening balance of cash and cash equivalents	1,975	2,189	2,188
Exchange difference on translation of foreign currency cash and cash equivalent	12	23	87
Effect of exchange differences on translation of foreign operations	55	13	52
Closing balance of cash and cash equivalents	1,460	2,000	1,975
Cash and cash equivalents comprise of			
Cash, cheques and drafts (on hand)	6	6	6
Balances with banks on current accounts	1,443	1,983	1,758
Balances with banks on deposits accounts	11	11	211

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Limited Review Report on unaudited consolidated financial results of HCL Infosystems Limited for the quarter ended 30 September 2023 and year to date results for the period from 1 April 2023 to 30 September 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 September 2023 and year to date results for the period from 1 April 2023 to 30 September 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:
Parent Entity
a) HCL Infosystem
Limited Subsidiaries
a) HCL Infotech Limited
b) HCL Infosystem Pte. Limited
c) Pimpri Chinchwad eservices Limited
d) Nurture Technologies FZE
5. Based on our review conducted and procedures performed as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

Registered Office:

Limited Review Report (Continued)

HCL Infosystems Limited

6. We draw attention to note 2 of the consolidated financial results, which states that the Group has accumulated losses as at 30 September 2023. Further its net worth is fully eroded and that the Group's current liabilities exceed its current assets as at 30 September 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.

7. The Statement includes the interim financial results of three subsidiaries which have not been reviewed, whose interim financial results reflects total assets (before consolidation adjustments) of Rs. 4,641 lakhs as at 30 September 2023 and total revenues (before consolidation adjustments) of Rs. Nil and Rs. Nil, total net profit / (loss) after tax (before consolidation adjustments) of Rs. Nil and Rs. 2 lakh and total comprehensive income (before consolidation adjustments) of Rs. 3 lakh and Rs. 8 lakh, for the quarter ended 30 September 2023 and for the period from 1 April 2023 to 30 September 2023 respectively, and cash flows (net) (before consolidation adjustments) of (Rs.1 lakh) for the period from 1 April 2023 to 30 September 2023. 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

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Girish Arora

Partner

New Delhi

07 November 2023

Membership No.: 098652

UDIN:23098652BGYZMX7862