

22<sup>nd</sup> May, 2023

To

<b>The General Manager</b> Department of Corporate Relations BSE Limited Sir Phiroze Jeejeebhoy Towers Dalal Street Fort Mumbai 400 001	<b>The Vice President</b> Listing Department The National Stock Exchange of India Limited Exchange Plaza Bandra Kurla Complex Bandra (East) Mumbai 400 051
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**Sub: Audited Financial Results for the quarter/ financial year ended 31<sup>st</sup> March, 2023 as per Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

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

Dear Sirs,

This is further to our letter dated 15<sup>th</sup> May, 2023 on the above subject.

In terms of the requirements of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing the following:

- i. Audited Financial Results of the Company on standalone and consolidated basis for the quarter/ financial year ended 31<sup>st</sup> March, 2023 which have been approved and taken on record at the meeting of the Board of Directors of the Company after recommendation of Accounts and Audit Committee held today i.e., 22<sup>nd</sup> May, 2023.
- ii. Auditor's Report on the aforesaid audited standalone and consolidated financial results. Further, we wish to state that the said Reports are with unmodified opinion.

The meeting of the Board of Directors commenced at 1:00 P.M. and concluded at 4:55 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**

Audited Standalone Financial Results for the quarter and year ended March 31, 2023

Regd.Off. 806, Siddharth, 96 Nehru Place, New Delhi 110 019.

Corp.Off. A-11, First Floor, Sector -3 Noida, UP 201301.

CIN - L72200DL1986PLC023955

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**Standalone Statement of Profit and Loss for the quarter and year ended March 31, 2023**

(Rs. In Lakhs)

	Particulars	Standalone				
		Three months ended			Year to date	
		31.03.2023	31.12.2022	31.03.2022	31.03.2023	31.03.2022
		Audited	Unaudited Refer Note 6	Audited Refer Note 6	Audited	Audited Refer Note 6
1	<b>Income</b>					
	Revenue from operations	135	153	298	608	919
	Other income	360	220	1,080	1,367	2,952
	<b>Total Income</b>	<b>495</b>	<b>373</b>	<b>1,378</b>	<b>1,975</b>	<b>3,871</b>
2	<b>Expenses</b>					
(a)	Purchase of services	94	113	140	453	721
(b)	Changes in inventories of finished goods and stock-in-trade	3	(1)	-	2	53
(c)	Employee benefits expense	195	209	137	867	668
(d)	Finance costs	9	14	215	153	1,264
(e)	Depreciation and amortization expense	13	16	18	57	135
(f)	Legal, professional and consultancy charges	217	227	324	949	1,428
(g)	Other expenses	260	462	1,891	1,823	4,362
	<b>Total expenses</b>	<b>791</b>	<b>1,040</b>	<b>2,725</b>	<b>4,304</b>	<b>8,631</b>
3	<b>Loss before exceptional items and tax (1 - 2)</b>	<b>(296)</b>	<b>(667)</b>	<b>(1,347)</b>	<b>(2,329)</b>	<b>(4,760)</b>
4	Exceptional Items Gain/(loss) (Refer note 2)	(262)	(605)	(696)	(1,508)	7,314
5	<b>Profit/ (Loss) before tax (3 + 4)</b>	<b>(558)</b>	<b>(1,272)</b>	<b>(2,043)</b>	<b>(3,837)</b>	<b>2,554</b>
6	Tax expense					
(a)	Current tax	-	-	-	-	-
(b)	Deferred tax expense	-	-	-	-	-
7	<b>Net Profit/(Loss) for the period (5 - 6)</b>	<b>(558)</b>	<b>(1,272)</b>	<b>(2,043)</b>	<b>(3,837)</b>	<b>2,554</b>
8	Other comprehensive income					
A (i)	Items that will not be reclassified to profit and loss	2	-	(25)	2	(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 and loss	-	-	-	-	-
(ii)	Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-
	<b>Total other comprehensive income net of income tax</b>	<b>2</b>	<b>-</b>	<b>(25)</b>	<b>2</b>	<b>(25)</b>
9	<b>Total comprehensive income for the period (7 + 8)</b>	<b>(556)</b>	<b>(1,272)</b>	<b>(2,068)</b>	<b>(3,835)</b>	<b>2,529</b>
10	Paid-up equity share capital (Face value per share in Rs. 2/-)	6,584	6,584	6,584	6,584	6,584
11	Reserve as per balance sheet of previous accounting year	-	-	-	(32,099)	(28,264)
12	Earnings per share (of Rs 2/- each) (not annualised):					
(a)	Basic	(0.17)	(0.39)	(0.62)	(1.17)	0.78
(b)	Diluted	(0.17)	(0.39)	(0.62)	(1.17)	0.78

**Standalone Balance Sheet**

(Rs. In Lakhs)

Particulars	Standalone	
	As at 31.03.2023 (Audited)	As at 31.03.2022 (Audited) Refer Note 6
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	252	414
Capital work-in-progress	-	9
Other intangible assets	34	4
Financial assets		
i. Investments	4	4
ii. Other financial assets	1,588	2,285
Advance income tax (net)	2,699	2,791
Other non-current assets	13,082	13,319
<b>Total non-current assets</b>	<b>17,659</b>	<b>18,826</b>
<b>Current assets</b>		
Inventories	-	2
Financial assets		
i. Investments	2,522	7,896
ii. Trade receivables	117	112
iii. Cash and cash equivalents	1,393	1,079
iv. Bank balances other than (iii) above	2,192	1,843
v. Loans	2	-
vi. Others financial assets	666	369
Other current assets	451	2,264
Asset Held for Sale	313	690
<b>Total current assets</b>	<b>7,656</b>	<b>14,255</b>
<b>Total assets</b>	<b>25,315</b>	<b>33,081</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity share capital	6,584	6,584
Other equity	(32,099)	(28,264)
<b>Total equity</b>	<b>(25,515)</b>	<b>(21,680)</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Financial liabilities		
i. Borrowings	-	1,383
Provisions	93	78
<b>Total non-current liabilities</b>	<b>93</b>	<b>1,461</b>
<b>Current liabilities</b>		
Financial liabilities		
i. Borrowings	35,500	40,020
ii. Trade payables		
(a) total outstanding dues of micro enterprises and small enterprises	8	264
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	2,263	4,822
iii. Other financial liabilities	420	716
Other current liabilities	2,238	826
Provisions	10,308	6,652
<b>Total current liabilities</b>	<b>50,737</b>	<b>53,300</b>
<b>Total liabilities</b>	<b>50,830</b>	<b>54,761</b>
<b>Total equity and liabilities</b>	<b>25,315</b>	<b>33,081</b>

**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 May 22, 2023. The statutory auditors have issued audit report on these results.

2. Exceptional items include :

Particulars	Three months ended			Year to date	
	31.03.2023	31.12.2022	31.03.2022	31.03.2023	31.03.2022
	Audited	Unaudited Refer Note 6	Audited Refer Note 6	Audited	Audited Refer Note 6
a. Profit on sale of property, plant and equipments(Refer note no 9)	897	-	158	1,384	10,484
b. Reversal/(Provision) against loan given to subsidiary	-	-	-	-	2,222
c. Provision for loss in subsidiary#	(1,159)	(605)	(521)	(2,892)	(5,059)
d. Impairment of property	-	-	(333)	-	(333)
<b>Total Profit / (Loss) - (a+b+c+d)</b>	<b>(262)</b>	<b>(605)</b>	<b>(696)</b>	<b>(1,508)</b>	<b>7,314</b>

# 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 and pay its liabilities that are more than its assets as on reporting date, as required by Ind AS 37.

3. As at March 31, 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. 43,081 Lakhs (March 31, 2022 - Rs. 39,045 Lakhs) as at March 31, 2023. 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 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 December 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 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 are the wholly-owned subsidiaries of the Transferee Company, there will be no consideration. 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, the comparative financial results 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 221 Lakhs for the quarter ended March 31, 2023 and Rs Nil for the quarter ended December 31, 2022, Rs 520 Lakhs for the quarter ended March 31, 2022, Rs 756 Lakhs for the period ended March 31, 2023 and Rs 1,228 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 Rs Nil for the quarter ended March 31, 2023 and Rs Nil for the quarter ended December 31, 2022, Rs Nil for the quarter ended March 31, 2022, Rs Nil for the period ended March 31, 2023 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 period ended March 31, 2023, the Company has disposed four properties situated in Maharashtra, Pondicherry and West Bengal, having net carrying amount of Rs. 489 Lakhs, for a consideration of Rs. 1,873 Lakhs, resulting an overall gain of Rs. 1,384 Lakhs (Rs 897 Lakhs for the quarter ended March 31, 2023, Rs Nil for the quarter ended December 31, 2022, Loss Rs 175 Lakhs net off impairment loss of Rs 333 Lakhs for the quarter ended March 31, 2022, Rs 1,384 Lakhs for the period ended March 31, 2023 and Rs 10,151 Lakhs 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 to Novezo Consulting Pvt. Ltd, 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.

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 that the Share Purchase Agreement has been frustrated on March 11, 2023. HCL Infotech will continue to be operated in the ordinary course of business.

11. 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 arised between both the parties with regard to completion of the project and Arbitration proceeding was initiated by HCL Infosystems Ltd. to recover the pending amount. In August 2014, the Arbitral Tribunal passed an Award in favour of HCL Infosystems Ltd., 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 filed an application for release of the aforesaid Fixed Deposit (including accumulated interest accrued thereon till date of release of Rs 3,986 Lakhs net off TDS) of Rs. 12,021 Lakhs. Accordingly, the same has been released on adhoc basis by the Hon'ble High Court of Delhi during the year 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.

12. 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.

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

By order of the Board  
for HCL Infosystems Limited

Nikhil Sinha  
Chairperson

Place : Noida  
Date : May 22, 2023

## Standalone Cash Flow Statement for the year ended March 31, 2023

(Rs. In Lakhs)

Particulars	Year to date	Year ended
	31.03.2023	31.03.2022
	Audited	Audited Refer Note 6
<b>Cash flow from Operating Activities:</b>		
<b>Profit/(Loss) before tax</b>	(3,837)	2,553
<b>Adjustments for:</b>		
Depreciation and amortisation expense	57	135
Finance cost	153	1,264
Interest income	(178)	(206)
Interest on income tax refund	-	(1,027)
Net gains on fair value changes on investments	(20)	(97)
Net profit on sale of properties	(1,385)	(10,494)
Property, plant and equipment written-off	18	6
Gain on sale of investment carried at FVTPL	(117)	(37)
Impairment of property	-	333
(Reversal) / Provision against inter company deposits given to subsidiaries	-	(2,222)
Provision for Loss in subsidiary	2,892	5,059
Gain on foreign exchange fluctuation	(71)	(63)
Provision for doubtful debts	134	224
Provision for change in fair value of Optionally convertible debentures	-	1,556
Net provisions for Input tax credit	225	889
Provisions for doubtful other current assets	78	277
Provisions/liabilities no longer required written back	(756)	(1,228)
<b>Operating loss before working capital changes</b>	<b>(2,807)</b>	<b>(3,078)</b>
<b>Changes in operating assets and liabilities</b>		
Decrease/(Increase) in trade receivables	(138)	1,128
Decrease in non-current assets	234	3,565
Increase in current assets	(245)	(70)
Decrease in inventories	2	54
(Decrease)/increase in non current liabilities	15	(6)
(Decrease)/increase in current liabilities	(1,570)	1,587
<b>Cash flow from / (used in) operations</b>	<b>(4,509)</b>	<b>3,180</b>
Net tax refund	1,551	942
<b>Net cash flow from / (used in) operating activities (A)</b>	<b>(2,958)</b>	<b>4,122</b>
<b>Cash flow from investing activities:</b>		
Purchase of properties plant and equipments and intangible assets	(53)	(25)
Capital work-in-progress (including intangible assets under development)	9	9
Proceeds from sale of properties	3,342	13,966
Proceeds from sale of investments	21,106	-
Purchase of current investments	(15,599)	(7,800)
Interest received	178	206
Redemption/maturity of bank deposits (net)	352	(1,464)
Gain on sale of investment carried at FVTPL	-	37
Inter corporate deposits given	(2)	-
Inter corporate deposits received back	-	2,295
Receipt of business consideration	-	1,579
<b>Net cash flow from investing activities (B)</b>	<b>9,333</b>	<b>8,803</b>
<b>Cash Flow from Financing Activities:</b>		
Proceeds from loans and borrowings	35,500	36
Repayment of loans and borrowings	(41,404)	(12,418)
Interest paid	(245)	(1,412)
<b>Net cash flow used in financing activities (C)</b>	<b>(6,149)</b>	<b>(13,794)</b>
<b>Net increase/ (decrease) in cash and cash equivalents (A+B+C)</b>	<b>226</b>	<b>(869)</b>
Net (Decrease) /Increase in cash and cash equivalents	1,080	1,951
Exchange difference on translation of foreign currency cash and cash equivalent	87	(2)
<b>Closing balance of cash and cash equivalents</b>	<b>1,393</b>	<b>1,080</b>
<b>Cash and cash equivalents comprise of</b>		
Cash in hand	0	-
Balances with banks on current accounts	1,193	1,079
Balances with banks on deposits accounts	200	-

# B S R & Associates LLP

Chartered Accountants

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## Independent Auditor's Report

### To the Board of Directors of HCL Infosystems Limited

### Report on the audit of the Standalone Annual Financial Results

#### Opinion

We have audited the accompanying standalone annual financial results of HCL Infosystems Limited (hereinafter referred to as the "Company") for the year ended 31 March 2023, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone annual financial results:

- a. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- b. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards, and other accounting principles generally accepted in India, of the net loss and other comprehensive income and other financial information for the year ended 31 March 2023.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Annual Financial Results* section of our report. We are independent of the Company, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our opinion on the standalone annual financial results.

#### Material Uncertainty Related to Going Concern

We draw attention to note 3 of the standalone annual financial results, which states that the Company has accumulated losses as at 31 March 2023 and its net worth is fully eroded as at that date. Further, the Company's current liabilities exceed its current assets as at 31 March 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 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 3 including necessary financial support from a significant promoter shareholder, the management and the Board of

## Independent Auditor's Report (Continued)

### HCL Infosystems Limited

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 standalone annual financial results on a going concern basis.

Our opinion is not modified in respect of this matter.

#### Management's and Board of Directors' Responsibilities for the Standalone Annual Financial Results

These standalone annual financial results have been prepared on the basis of the standalone annual financial statements.

The Company's Management and the Board of Directors are responsible for the preparation and presentation of these standalone annual financial results that give a true and fair view of the net profit/loss and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under Section 133 of the Act and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone annual financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone annual financial results, the Management and the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Standalone Annual Financial Results

Our objectives are to obtain reasonable assurance about whether the standalone annual financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone annual financial results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone annual financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion through a separate report on the complete set of financial statements on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

**Independent Auditor's Report (Continued)**

**HCL Infosystems Limited**

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone annual financial results made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone annual financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone annual financial results, including the disclosures, and whether the standalone annual financial results represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Other Matter**

- a. The standalone annual financial results include the results for the quarter ended 31 March 2023 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

For **B S R & Associates LLP**

*Chartered Accountants*

Firm's Registration No.:116231W/W-100024

**Girish Arora**

*Partner*

New Delhi

22 May 2023

Membership No.: 098652

UDIN:23098652BGYZLM5327

**HCL INFOSYSTEMS LIMITED**  
**Audited Consolidated Financial Results for the quarter and year ended March 31, 2023**  
 Regd.Off. 806, Siddharth, 96 Nehru Place, New Delhi 110 019.  
 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 and year ended March 31, 2023 (Rs. In Lakhs)**

Particulars	Consolidated				
	Three months ended			Year to date	
	31.03.2023	31.12.2022	31.03.2022	31.03.2023	31.03.2022
	Audited	Unaudited	Audited	Audited	
<b>1 Income</b>					
Revenue from operations	826	710	1,386	3,141	6,944
Other income	780	401	1,202	2,339	4,154
<b>Total Income</b>	<b>1,606</b>	<b>1,111</b>	<b>2,588</b>	<b>5,480</b>	<b>11,098</b>
<b>2 Expenses</b>					
(a) Purchase of services	101	125	148	483	817
(b) Changes in inventories of stock-in-trade	13	(6)	164	12	232
(c) Other direct expense	591	317	81	1,372	3,517
(d) Employee benefits expense	467	497	508	2,039	2,667
(e) Finance costs	9	12	232	193	1,370
(f) Depreciation and amortisation expense	13	16	18	58	147
(g) Legal, professional and consultancy charges	794	795	845	2,889	3,240
(h) Other expenses	1,075	662	2,474	3,692	6,685
<b>Total expenses</b>	<b>3,063</b>	<b>2,418</b>	<b>4,470</b>	<b>10,738</b>	<b>18,675</b>
<b>3 Loss before exceptional items and tax from continuing operations (1 - 2)</b>	<b>(1,457)</b>	<b>(1,307)</b>	<b>(1,882)</b>	<b>(5,258)</b>	<b>(7,577)</b>
4 Exceptional Items gain (Refer note 3)	897	-	(175)	1,384	10,151
<b>5 Profit/(Loss) before tax from continuing operations (3 + 4)</b>	<b>(560)</b>	<b>(1,307)</b>	<b>(2,057)</b>	<b>(3,874)</b>	<b>2,574</b>
6 Tax expense / (credit)					
(a) Current tax	5	-	122	5	122
(b) Deferred tax expense	-	-	-	-	-
<b>7 Profit/(Loss) for the period from continuing operations (5 - 6)</b>	<b>(565)</b>	<b>(1,307)</b>	<b>(2,179)</b>	<b>(3,879)</b>	<b>2,452</b>
8 Profit / (loss) before tax from discontinued operations	-	-	-	-	-
9 Profit / (loss) on disposal of discontinued operations	-	-	-	-	-
10 Tax expense / (credit) of discontinued operations	-	-	-	-	-
<b>11 Net Profit / (Loss) for the period from discontinued operations (8 + 9 - 10)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>12 Net Profit/ (Loss) for the period (7+ 11)</b>	<b>(565)</b>	<b>(1,307)</b>	<b>(2,179)</b>	<b>(3,879)</b>	<b>2,452</b>
13 Other comprehensive income					
A (i) Items that will not be reclassified to profit and loss	(2)	-	(41)	(2)	(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	11	36	30	42	86
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-
<b>Total other comprehensive income, net of income tax</b>	<b>9</b>	<b>36</b>	<b>(11)</b>	<b>40</b>	<b>45</b>
<b>14 Total comprehensive income for the period (12 + 13)</b>	<b>(556)</b>	<b>(1,271)</b>	<b>(2,190)</b>	<b>(3,839)</b>	<b>2,497</b>
15 Net Profit/(Loss) attributable to:					
- Shareholders	(565)	(1,307)	(2,179)	(3,879)	2,452
- Non-controlling interests	-	-	-	-	-
Total comprehensive income attributable to:					
- Shareholders	(556)	(1,271)	(2,190)	(3,839)	2,497
- Non-controlling interests	-	-	-	-	-
16 Paid-up equity share capital (Face value per share in Rs. 2/-)	6,584	6,584	6,584	6,584	6,584
17 Reserve as per balance sheet of previous accounting year	-	-	-	(31,934)	(28,095)
18 Earnings per share for continuing operations (of Rs 2/- each) (not annualised):					
(a) Basic	(0.17)	(0.40)	(0.66)	(1.18)	0.74
(b) Diluted	(0.17)	(0.40)	(0.66)	(1.18)	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	(0.17)	(0.40)	(0.66)	(1.18)	0.74
(b) Diluted	(0.17)	(0.40)	(0.66)	(1.18)	0.74

**Consolidated Balance Sheet (Rs. In Lakhs)**

Particulars	Consolidated	
	As at 31.03.2023 (Audited)	As at 31.03.2022 (Audited)
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	253	416
Capital work-in-progress	-	9
Other intangible assets	34	4
Financial assets		
i. Other financial assets	1,797	2,442
Advance income tax asset (net)	6,054	4,249
Other non-current assets	13,721	14,077
<b>Total non-current assets</b>	<b>21,859</b>	<b>21,197</b>
<b>Current assets</b>		
Inventories	39	51
Financial assets		
i. Investments	4,425	9,700
ii. Trade receivables	2,540	2,765
iii. Cash and cash equivalents	1,975	2,188
iv. Bank balances other than (iii) above	16,098	4,464
v. Other financial assets	439	521
Other current assets	2,902	7,549
Assets held for sale	313	690
<b>Total Current Assets</b>	<b>28,731</b>	<b>27,928</b>
<b>Total assets</b>	<b>50,590</b>	<b>49,125</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity share capital	6,584	6,584
Other equity	(31,934)	(28,095)
Non-controlling interests	(0)	(0)
<b>Total equity</b>	<b>(25,350)</b>	<b>(21,511)</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Financial liabilities		
i. Borrowings	-	1,383
Provisions	168	155
<b>Total non-current liabilities</b>	<b>168</b>	<b>1,538</b>
<b>Current liabilities</b>		
Financial liabilities		
i. Borrowings	35,501	40,021
ii. Trade payables	5,546	7,456
iii. Other financial liabilities	761	1,149
Other current liabilities	29,081	15,348
Provisions	4,883	4,804
Current tax liabilities (net)	-	320
<b>Total current liabilities</b>	<b>75,772</b>	<b>69,098</b>
<b>Total liabilities</b>	<b>75,940</b>	<b>70,636</b>
<b>Total equity and liabilities</b>	<b>50,590</b>	<b>49,125</b>



**Segment-wise Information**

Particulars	Three months ended			Year to date	
	31.03.2023	31.12.2022	31.03.2022	31.03.2023	31.03.2022
	Audited	Unaudited	Audited	Audited	Audited
<b>1. Segment Revenue</b>					
- Hardware Products and Solutions	699	562	1,108	2,574	6,096
- Distribution	127	148	278	567	848
Total	826	710	1,386	3,141	6,944
Less : Intersegment revenue	-	-	-	-	-
<b>Revenue from operations</b>	<b>826</b>	<b>710</b>	<b>1,386</b>	<b>3,141</b>	<b>6,944</b>
<b>2. Segment results (profit / (loss) before tax and interest from each segment)</b>					
- Hardware Products and Solutions	(1,420)	(704)	(489)	(3,250)	(3,048)
- Distribution	54	(15)	275	180	245
- Learning	(7)	(5)	71	(7)	51
Total	(1,373)	(724)	(143)	(3,077)	(2,752)
Less :					
i) Interest expense	9	12	233	193	1,370
ii) Other un-allocable expenditure net off un-allocable (income)	(822)	571	1,681	604	(6,696)
<b>Total Profit / (Loss) before tax</b>	<b>(560)</b>	<b>(1,307)</b>	<b>(2,057)</b>	<b>(3,874)</b>	<b>2,574</b>
<b>3. Segment Assets</b>					
- Hardware Products and Solutions	24,895	20,167	17,026	24,895	17,026
- Distribution	10,546	10,701	10,078	10,546	10,078
- Learning	91	67	79	91	79
- Unallocated	15,058	17,244	21,942	15,058	21,942
<b>Total Assets</b>	<b>50,590</b>	<b>48,179</b>	<b>49,125</b>	<b>50,590</b>	<b>49,125</b>
<b>4. Segment Liabilities</b>					
- Hardware Products and Solutions	35,140	32,033	22,547	35,140	22,547
- Distribution	3,018	3,180	2,416	3,018	2,416
- Learning	78	49	59	78	59
- Unallocated	37,704	37,710	45,614	37,704	45,614
<b>Total Liabilities</b>	<b>75,940</b>	<b>72,972</b>	<b>70,636</b>	<b>75,940</b>	<b>70,636</b>

**Notes**

1. Consolidated results include financial results of HCL Infosystems Limited (hereinafter referred to as "the Parent"), HCL Infotech Limited, HCL Investment 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 May 22, 2023. The statutory auditors have issued audit report on these results.

2. As at March 31, 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 47,041 Lakhs as at March 31, 2023 (March 31, 2022 - Rs. 41,170 Lakhs). 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 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 has been approved by the shareholders of the Parent Company, vide their resolution dated December 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 to date	
	31.03.2023	31.12.2022	31.03.2022	31.03.2023	31.03.2022
	Audited	Unaudited	Audited	Audited	Audited
Gain on sale of properties, plant and equipments (Refer Note No. 4)	897	-	158	1,384	10,484
Impairment of property	-	-	(333)	-	(333)
<b>Total Gain/(Loss)</b>	<b>897</b>	<b>-</b>	<b>(175)</b>	<b>1,384</b>	<b>10,151</b>

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, therefore as a part of ongoing property monetisation plan during the period ended March 31, 2023, the Company has disposed four properties situated in Maharashtra, Pondicherry and West Bengal, having net carrying amount of Rs. 489 Lakhs, for a consideration of Rs. 1,873 Lakhs, resulting an overall gain of Rs. 1,384 Lakhs (Rs 897 Lakhs for the quarter ended March 31, 2023, Rs Nil for the quarter ended December 31, 2022, Loss Rs 175 Lakhs net off impairment loss of Rs 333 Lakhs for the quarter ended March 31, 2022, Rs 1,384 Lakhs for the period ended March 31, 2023 and Rs 10,151 Lakhs net off impairment loss of Rs 333 Lakhs for the year ended March 31, 2022).

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 are the wholly-owned subsidiaries of the Transferee Company, there will be no consideration. 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, the comparative financial results 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 425 Lakhs for the quarter ended March 31, 2023, Rs 5 Lakhs for the quarter ended December 31, 2022, Rs 577 Lakhs for the quarter ended March 31, 2022, Rs 1,091 Lakhs for the period ended March 31, 2023 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 29 Lakhs for the quarter ended March 31, 2023, Rs Nil for the quarter ended December 31, 2022, Rs 1,556 Lakhs for the quarter ended March 31, 2022, with reversal of corresponding credit of Rs. 766 lakhs, Rs 180 Lakhs for the period ended March 31, 2023 and Rs 3,107 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 Holding 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 Holding Company challenged this unilateral extension of the MSP contract by UIDAI before the Hon'ble Arbitral Tribunal. The Holding 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 Holding Company, the Holding 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 corresponding costs have been recognized based on actual basis on respective period.

10. The Board of Directors of HCL Infosystems Limited in its meeting held on February 10, 2021 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. Ltd, 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.

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 that the Share Purchase Agreement has been frustrated on March 11, 2023. HCL Infotech Ltd 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 has been provided for in books of accounts amounting Rs.879 Lakhs to the extent Company does not foresee business opportunities in near future wherein amount can be utilized.

11. 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 proceeding was initiated by HCL Infosystems Ltd. to recover the pending amount. In August 2014, the Arbitral Tribunal passed an Award in favour of HCL Infosystems Ltd., 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 filed an application for release of the aforesaid Fixed Deposit (including accumulated interest accrued thereon till date of release of Rs 3,986 Lakhs net off TDS) of Rs. 12,021 Lakhs. Accordingly, the same has been released on adhoc basis by the Hon'ble High Court of Delhi during the year 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 part of current liabilities in the consolidated financial statement.

12. 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.

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

By order of the Board  
for HCL Infosystems Limited

Nikhil Sinha  
Chairperson

Place : Noida  
Date : May 22, 2023

## Consolidated Cash Flow Statement for year ended March 31, 2023

(Rs. In Lakhs)

Particulars	Year ended	Year ended
	31.03.2023	31.03.2022
	Audited	Audited
<b>Cash Flow from Operating Activities:</b>		
<b>Profit/(Loss) before tax from continuing and discontinued operations</b>	(3,874)	2,574
<b>Adjustments for:</b>		
Depreciation and amortisation expense	58	147
Finance cost	193	1,370
Interest income on trade receivable	-	-
Interest income on Fixed deposits and others	(476)	(191)
Interest on income tax refund	-	(1,276)
Net gains on fair value changes on investments	(80)	(100)
Net profit on sale of property, plant and equipment	(1,386)	(10,502)
Impairment of property	-	333
Property, plant and equipment written-off	18	6
Profit on disposal of unquoted investments	(309)	(37)
Gain on foreign exchange fluctuation	(158)	(76)
Provision for change in fair value of Optionally convertible debentures	-	1,556
Provision for doubtful debts	314	585
Provision for doubtful loans and advances and other current assets	99	966
Provisions/liabilities no longer required written back	(1,091)	(1,906)
Net provisions for Input tax credit	1,312	898
<b>Operating loss before working capital changes</b>	<b>(5,380)</b>	<b>(5,653)</b>
<b>Changes in operating assets and liabilities</b>		
Decrease/(Increase) in trade receivables	(1,894)	5,334
Decrease in non current assets	351	3,657
Decrease in current assets	1,900	4,833
Decrease in inventories	12	233
(Decrease)/ Increase in non current liabilities	13	(57)
(Decrease)/increase in current liabilities	11,220	(3,944)
<b>Cash flow from operations</b>	<b>6,222</b>	<b>4,403</b>
Net Tax refund	1,134	5,668
<b>Net cash flow from operating activities (A)</b>	<b>7,356</b>	<b>10,071</b>
<b>Cash flow from investing activities:</b>		
Payment for property, plant and equipment (including intangible assets)	(44)	(20)
Proceeds from sale of properties	3,369	13,992
Proceeds from sale of current investments	34,762	1,580
Purchase of current investments	(29,099)	(9,563)
Redemption/(Investments) in bank deposits	(11,227)	(4,092)
Movement in margin money account	242	(10)
Interest received	477	191
<b>Net cash flow from/ (used in) investing activities (B)</b>	<b>(1,520)</b>	<b>2,078</b>
<b>Cash Flow from Financing Activities:</b>		
Lease obligation paid	-	(28)
Proceeds from loans and borrowings	35,500	-
Repayment of loans and borrowings	(41,403)	(12,322)
Interest paid	(285)	(1,513)
<b>Net cash used in financing activities (C)</b>	<b>(6,188)</b>	<b>(13,863)</b>
<b>Net Decrease in cash and cash equivalents (A+B+C)</b>	<b>(352)</b>	<b>(1,715)</b>
Opening balance of cash and cash equivalents	2,188	3,882
Effect of foreign exchange on cash and cash equivalents	87	20
Effect of exchange differences on translation of foreign operations	52	1
<b>Closing balance of cash and cash equivalents</b>	<b>1,975</b>	<b>2,187</b>
<b>Cash and cash equivalents comprise of</b>		
Cash in hand	6	5
Balances with banks on current accounts	1,758	2,173
Balances with banks on deposits accounts	211	9

# B S R & Associates LLP

Chartered Accountants

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## Independent Auditor's Report

### To the Board of Directors of HCL Infosystems Limited

### Report on the audit of the Consolidated Annual Financial Results

#### Opinion

We have audited the accompanying consolidated annual financial results of HCL Infosystems Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), for the year ended 31 March 2023, attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated annual financial results:

- a. include the annual financial results of the following entities
  1. HCL Infotech Limited
  2. HCL Investment Pte. Limited
  3. Pimpri Chinchwad eServices Limited
  4. Nurture Technologies FZE
- b. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- c. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards, and other accounting principles generally accepted in India, of consolidated net loss and other comprehensive profit and other financial information of the Group for the year ended 31 March 2023.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Annual Financial Results* section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our opinion on the consolidated annual financial results.

Registered Office:

B S R & Associates (a partnership firm with Registration No. BA69226) converted into B S R & Associates LLP (a Limited Liability Partnership with LLP Registration No. AAB-8182) with effect from October 14, 2013

14th Floor, Central B Wing and North C Wing, Nesco IT Park 4, Nesco Center, Western Express Highway, Goregaon (East), Mumbai - 400063

**Material Uncertainty Related to Going Concern**

We draw attention to note 2 of the consolidated annual financial results, which states that the group has accumulated losses as at 31 March 2023 and its net worth is fully eroded as at that date. Further, the group's current liabilities exceed its current assets as at 31 March 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 company 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 annual financial results on a going concern basis.

Our opinion is not modified in respect of this matter.

**Emphasis of Matter**

We draw attention to note 9 to the consolidated annual financial results for the year ended 31 March 2023, which states that the Hon'ble Arbitral Tribunal has, on 19 June 2020, passed a liability award in the arbitration proceedings 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 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 which will be decided through arbitration in due course. Pending this determination through arbitration proceedings, no revenue has been 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 opinion is not modified in respect of this matter.

**Management's and Board of Directors' Responsibilities for the Consolidated Annual Financial Results**

These consolidated annual financial results have been prepared on the basis of the consolidated annual financial statements.

The Holding Company's Management and the Board of Directors are responsible for the preparation and presentation of these consolidated annual financial results that give a true and fair view of the consolidated net profit/ loss and other comprehensive income and other financial information of the Group in accordance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under Section 133 of the Act and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of each company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated annual financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated annual financial results by the Management and the Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated annual financial results, the respective Management and the Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

**Independent Auditor's Report (Continued)**

**HCL Infosystems Limited**

**Auditor's Responsibilities for the Audit of the Consolidated Annual Financial Results**

Our objectives are to obtain reasonable assurance about whether the consolidated annual financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual financial results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion through a separate report on the complete set of financial statements on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the consolidated annual financial results made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual financial results, including the disclosures, and whether the consolidated annual financial results represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance of the Holding Company and such other entities included in those consolidated annual financial results of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

We also performed procedures in accordance with the circular No CIR/CFD/CMD1/44/2019 issued by the Securities and Exchange Board of India under Regulation 33(8) of the Listing Regulations, to the extent applicable.

**Independent Auditor's Report (Continued)**

**HCL Infosystems Limited**

**Other Matter(s)**

- a. The consolidated annual financial results include the unaudited financial results of three subsidiaries, whose financial statements reflect Group's share of total assets of Rs. 627 lakhs as at 31 March 2023, Group's share of total revenue of Rs. Nil, Group's share of total net loss after tax of Rs. 46 lakhs and Group's share of net cash outflows of Rs 311 lakhs for the year ended on that date, as considered in the consolidated annual financial results. These unaudited financial statements have been furnished to us by the Board of Directors.

Our opinion on the consolidated annual financial results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on such financial statements. In our opinion and according to the information and explanations given to us by the Board of Directors, these financial statements are not material to the Group.

Our opinion on the consolidated annual financial results is not modified in respect of the above matter with respect to the financial statements certified by the Board of Directors.

- b. The consolidated annual financial results include the results for the quarter ended 31 March 2023 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

**For B S R & Associates LLP**

*Chartered Accountants*

Firm's Registration No.:116231W/W-100024

**Girish Arora**

*Partner*

New Delhi

22 May 2023

Membership No.: 098652

UDIN:23098652BGYZLP5572