

**HCL INFOSYSTEMS LIMITED**  
**Audited Standalone Financial Results for the quarter and year ended March 31, 2023**  
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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>	(2,807)	(3,078)
<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	-