

28th May 2022

To

The General Manager Department of Corporate Relations BSE Limited Sir Phiroze Jeejeebhoy Towers Dalal Street Fort Mumbai 400 001	The Vice President Listing Department The National Stock Exchange of India Limited Exchange Plaza Bandra Kurla Complex Bandra (East) Mumbai 400 051
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Sub: Audited Financial Results for the quarter/ financial year ended 31st March, 2022 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 21st May, 2022 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 31st March, 2022 which have been approved and taken on record at the meeting of the Board of Directors of the Company held today i.e., 28th May, 2022.
- 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 1:30 P.M. and concluded at 10:40 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, 2022
 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, 2022 (Rs. in Lakhs)

Particulars	Standalone				
	Three months ended			Year to date	
	31.03.2022	31.12.2021	31.03.2021	31.03.2022	31.03.2021
	Audited	Unaudited	Audited	Audited	Audited
1 Income					
Revenue from operations	298	237	727	919	21,736
Other income	978	198	1,431	2,837	2,363
Total Income	1,276	435	2,158	3,756	24,099
2 Expenses					
(a) Cost of materials consumed	2	-	-	2	-
(b) Purchase of stock-in-trade	140	120	(64)	721	18,148
(c) Changes in inventories of finished goods and stock-in-trade	(0)	0	137	53	2,371
(d) Employee benefits expense	136	185	398	668	2,838
(e) Finance costs	214	243	874	1,264	4,950
(f) Depreciation and amortization expense	18	20	74	135	403
(g) Legal, professional and consultancy charges	324	382	458	1,399	1,616
(h) Other expenses	1,883	326	1,469	4,307	5,161
Total expenses	2,717	1,276	3,346	8,549	35,487
3 Loss before exceptional items and tax (1 - 2)	(1,441)	(841)	(1,188)	(4,793)	(11,388)
4 Exceptional items Gain/(loss) (Refer note 2)	(698)	137	(3,363)	7,261	(9,088)
5 Profit/(Loss) before tax (3 + 4)	(2,139)	(704)	(4,551)	2,468	(20,476)
6 Tax expense					
(a) Current tax	-	-	-	-	-
(b) Deferred tax expense	-	-	-	-	-
7 Net Profit/(Loss) for the period (5 - 6)	(2,139)	(704)	(4,551)	2,468	(20,476)
8 Other comprehensive income					
A (i) Items that will not be reclassified to profit and loss	(25)	-	(25)	(25)	(25)
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-
B (i) Items that will be reclassified to profit and loss	-	-	-	-	-
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-
Total other comprehensive income net of income tax	(25)	-	(25)	(25)	(25)
9 Total comprehensive income for the period (7 + 8)	(2,164)	(704)	(4,576)	2,443	(20,501)
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	-	-	-	-	(31,067)
12 Earnings per share (of Rs 2/- each) (not annualised):					
(a) Basic	(0.65)	(0.21)	(1.38)	0.75	(6.22)
(b) Diluted	(0.65)	(0.21)	(1.38)	0.75	(6.22)

Standalone Balance Sheet (Rs. in Lakhs)

Particulars	Standalone	
	As at 31.03.2022 (Audited)	As at 31.03.2021 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	414	3,513
Right of use assets	-	-
Capital work-in-progress	9	16
Other intangible assets	4	8
Financial assets		
i. Investments	4	4
ii. Other financial assets	2,184	3,636
Advance income tax (net)	2,545	3,914
Other non-current assets	13,062	16,546
Total non-current assets	18,222	27,637
Current assets		
Inventories	-	53
Financial assets		
i. Investments	7,896	-
ii. Trade receivables	112	1,464
iii. Cash and cash equivalents	1,026	1,852
iv. Bank balances other than (iii) above	1,830	567
v. Loans	155	281
vi. Others financial assets	369	1,628
Other current assets	2,254	2,136
Asset Held for Sale	690	1,505
Total current assets	14,332	9,486
Total assets	32,554	37,123
EQUITY AND LIABILITIES		
Equity		
Equity share capital	6,584	6,584
Other equity	(28,624)	(31,067)
Total equity	(22,040)	(24,483)
LIABILITIES		
Non-current liabilities		
Financial liabilities		
i. Borrowings	1,383	5,903
ii. Lease obligation	-	-
Provisions	78	84
Total non-current liabilities	1,461	5,987
Current liabilities		
Financial liabilities		
i. Borrowings	40,020	41,489
ii. Trade payables		
(a) total outstanding dues of micro enterprises and small enterprises	263	189
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	4,755	3,851
iii. Other financial liabilities	710	7,558
Other current liabilities	820	1,348
Provisions	6,565	1,184
Total current liabilities	53,133	55,619
Total liabilities	54,594	61,606
Total equity and liabilities	32,554	37,123

Notes

1. After recommendation by the Audit Committee, these results have been approved and taken on record by the Board of Directors at its meeting held on May 28, 2022. The statutory auditors have issued review report with unmodified opinion on these results.

2. Exceptional items include :

Particulars	Three months ended			Year to date	
	31.03.2022	31.12.2021	31.03.2021	31.03.2022	31.03.2021
	Audited	Unaudited	Audited	Audited	Audited
a. Profit on sale of property, plant and equipments(Refer note no 9)	158	738	-	10,484	-
b. Reversal/(Provision) against loan given to subsidiary	(1)	94	(2,453)	2,169	(8,178)
c. Provision for loss in subsidiary#	(521)	(695)	(279)	(5,059)	(279)
d. Impairment of property	(333)	-	-	(333)	-
e. Loss on conversion of ICD to OCD (Refer Note 11)	-	-	(631)	-	(631)
Total Profit / (Loss) - (a+b+c+d+e)	(698)	137	(3,363)	7,261	(9,088)

The Company has made provision of Rs 5,059 Lakhs for the year ended March 31, 2022 and Rs 521 Lakhs for the quarter ended March 31, 2022. Rs 695 Lakhs for the quarter ended December 31 2021, Rs 279 Lakhs for the quarter ended March 31, 2021 and Rs 279 Lakhs for the year ended March 31, 2021, on account of accumulated losses and erosion of net worth of HCL Infotech Limited, a wholly owned subsidiary.

3. As at March 31, 2022, the Company has accumulated losses and its net worth has been fully eroded, and the Company's current liabilities exceeded its current assets by Rs. 38,801 Lakhs (March 31, 2021 - Rs. 46,133 Lakhs) as at March 31, 2022. The losses are primarily a result of delayed receipts on certain system integration contracts, historical low margin contracts, large litigations and their costs which are at different stages of progression. The management of the Company, is pursuing strategies which include scale down of loss-making businesses like scaling down of the distribution business (refer note 4), sale of certain non-core properties (refer note 9) and reduction in outstanding debts. To ensure the necessary financial support for its operations, the Board of Directors of HCL Corporation Private Limited has approved support in the form of corporate guarantees to banks of Rs 25,000 Lakhs and interest free unsecured loans of Rs 35,500 Lakhs to the Company out of total authorized limit of Rs.1,50,000 Lakhs. This had been approved by the shareholders of the Company, vide their resolution dated September 14, 2017. Considering the above support, the Company's management and the Board of Directors have a reasonable expectation that the Company will be able to realise its assets and discharge its contractual obligations and liabilities as they fall due in the near future in the normal course of business. Accordingly, these financial results have been prepared on a going concern basis.
4. Based on the report of the consulting firm appointed by the Board of Directors and the inputs of the management team, the Board in their meeting dated January 27, 2020 decided that because of low margin contracts, tough market conditions and the then financial position of the Group, the Distribution businesses of the Group were not financially sustainable. Consequently, the Board recommended that in order to limit future financial losses, the Enterprise and Consumer Distribution Business be substantially scaled down.
5. Management believes that it has taken into account all the possible impacts of known events arising from COVID-19 pandemic in the preparation of these financial results. In evaluating the impact of COVID-19 on the Company's ability to continue as a going concern, the management has assessed the impact on its business and the carrying value of its major assets comprising of property, plant and equipment, trade receivables and other receivable balances. The impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and actual results may differ materially from these estimates. The Company will continue to monitor any material changes to future economic conditions and any significant impact of these changes would be recognized in the financial results as and when these material changes to economic conditions arise.
6. The Company initiated a scheme of amalgamation of Digilife Distribution and Marketing Services Limited (DDMS) and HCL Learning Limited (Learning), wholly owned subsidiaries, with and into HCL Infosystems Limited (HCL). The rationale for this is to consolidate businesses into a single entity, simplify the corporate structure and reducing administrative costs. The petition for sanctioning of the scheme was filed before the Hon'ble NCLT, New Delhi bench on 13th December 2021.
- Pursuant to order of the Hon'ble NCLT, New Delhi dated January 18, 2022, notices were duly issued to statutory authorities inviting their objections to the scheme and reports have been obtained from the Official Liquidator and the Regional Director. Adequate responses to their observations have also been filed before the Hon'ble NCLT along with necessary compliances. The scheme is now pending before the Hon'ble NCLT until next hearing. The Company has also proposed to change the Appointed Date of the Scheme from April 01, 2020 to April 01, 2022 which would require an approval from the NCLT.
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 1,102 Lakhs for the year ended March 31, 2022, Rs 415 Lakhs for the quarter ended March 31, 2022, Nil for the quarter ended December 31, 2021, Rs 1213 Lakhs for the quarter ended March 31 2021 and Rs 1488 for the year ended March 31, 2021, on account of write 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 1,556 Lakhs for the year ended March 31, 2022, Rs 995 Lakhs for the quarter ended March 31, 2022 and Rs Nil Lakhs for the quarter ended December 31 2021, (Nil for the quarter ended March 31,2021 and Nil for the year ended March 31, 2021) 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 during the quarter ended, June 30, 2021, the Company has disposed three properties located in Mohali, Sector-11 Noida and Sederapet, having net carrying amount of Rs.1,407 Lakhs, for a consideration of Rs. 7,610 Lakhs, resulting an overall gain of Rs. 6,203 Lakhs. (quarter and year ended March 31, 2021: Nil). During the quarter ended September 30, 2021, the Company has disposed two properties located in Hyderabad, having net carrying value Rs 1,199 Lakhs for a consideration of Rs 4,584 Lakhs, resulting an overall gain of Rs 3,385 Lakhs. During the quarter ended December 31, 2021, the company has disposed one property located in Pant Nagar, having net carrying value Rs 913 Lakhs for a consideration of Rs 1,455 Lakhs, resulting an overall gain of Rs 738 Lakhs. During the quarter ended March 31, 2022, the company has disposed one property located in Mumbai, having net carrying value Rs 7 Lacs for a consideration of Rs 165 Lacs, resulting an overall gain of Rs 158 Lacs.

10. The Board of Directors of HCL Infosystems Limited in its meeting held on February 10, 2021 had approved to sell the entire shareholding held by HCL Infosystems Limited in HCL Infotech Limited at "Net Asset Value" as on closing date, after acquiring the undertaking which shall comprise of the business relating to two specific projects through a business transfer agreement, certain other assets and liabilities through assignment deed and HCL Investments Pte., Singapore & it's step down subsidiary through a share purchase agreement. Unaudited net asset value of HCL Infotech Limited post this carve out as on September 30, 2020 is Rs 14,700 Lakhs. The sale will be made to Novezo Consulting Pvt. Ltd based on the terms and conditions as specified in share purchase agreement dated February 10, 2021. One of the key customer of the company's defense project, which is forming part of the transaction has asked the company to novate the project to either HCL Infosystems Limited or a third party service provider acceptable to the customer, instead of transferring the said project as part of HCL Infotech Limited sale. The company is currently in discussion with the customer and some of the prospective third party service providers. This exercise has resulted in a significant delay in closing the transaction sale of HCL Infotech to Novezo. Currently In addition, some of the terms of the Share Purchase Agreement are being renegotiated with Novezo and there are several unresolved issues. The revised SPA which, if resolved, will require be subject to approval of the Board and the Shareholders of the Company.

11. The Board of Directors of the Company in its meeting held on March 23, 2021, had consented to adjust the unsecured loan advanced to HCL Infotech Limited, a wholly-owned subsidiary, amounting to Rs. 40,000 Lakhs, against the subscription money payable by the Company to HCL Infotech Limited, for subscription of the 40,00,000 (forty Lakhs) 0.1% Optionally Convertible Debentures (OCD) of a face value of Rs.1,000 each (Indian Rupees One thousand only) issued, on private placement basis to the Company, pursuant to terms of OCD Subscription Agreement dated March 31, 2021 between the Company and HCL Infotech Limited. As legally advised, the issuance of 0.1% OCDs does not meet the definition of loan as envisaged under section 186 of the Companies Act, 2013 and accordingly the Company is of the view that the above transaction is outside the purview of the aforesaid section. Further the company had recognised a loss on of Rs. 631 Lakhs, upon conversion of net balance of unsecured loan into OCD during the previous financial year ended March 31, 2021.

- The Company and HCL Infotech Limited, has agreed that the OCDs as mentioned in note 12.52, issued to the Company shall be redeemed only from and to the extent of the proceeds from certain specified book receivables and favorable awards received by the HCL Infotech Limited in accordance with the terms set out in the OCD Subscription Agreement. Accordingly, HCL Infotech Limited transferred its rights to receive cash flows from those specified book receivables and favourable awards to the Company and the aforesaid transaction meets the pass-through arrangement criteria, as per the requirements of Ind AS 109 Financial Instruments. Therefore, the outstanding balance of specified books receivables of Rs 18.92 Crores (including amount of Rs 8.67 Crores of the contract assets) derecognized in the financial statements of HCL Infotech Limited and recognized by the Company against the value of OCDs as at March 31, 2021.

13. The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the Company towards Provident Fund and Gratuity. The effective date from which the changes are applicable is yet to be notified and the rules are yet to be framed. The Company will carry out an evaluation of the impact and record the same in the financial statements in the period in which the Code becomes effective and the related rules are published.

14 Financial results for all the periods presented have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable.

15 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 28, 2022

Standalone Cash Flow Statement for the year ended March 31, 2022

Particulars	(Rs. In Lakhs)	
	Year ended	Year ended
	31.03.2022	31.03.2021
	Audited	Audited
Cash flow from Operating Activities:		
Profit/(Loss) before tax	2,468	(20,476)
Adjustments for:		
Depreciation and amortisation expense	135	403
Finance cost	1,264	4,950
Interest income	(218)	(370)
Interest on income tax refund	(1,027)	-
Net gains on fair value changes on investments	(97)	-
Net profit on sale of properties	(10,493)	(19)
Property, plant and equipment written-off	6	40
Gain on sale of investment carried at FVTPL	(37)	-
Impairment of property	333	-
(Reversal) / Provision against inter company deposits given to subsidiaries	(2,169)	8,457
Provision for Loss in subsidiary	5,059	-
Loss on conversion of inter company deposits into Optionally Convertible Debentures	-	631
Gain on foreign exchange fluctuation	(63)	(63)
Provision for doubtful debts	224	328
Provision for change in fair value of OCD	1,556	-
Provisions for Input tax credit	889	1,780
Provisions for other current assets	273	-
Provisions/liabilities no longer required written back	(1,102)	(1,488)
Operating loss before working capital changes	(2,999)	(5,827)
Changes in operating assets and liabilities		
- Decrease in trade receivables	1,128	14,044
- Decrease in non-current assets	3,551	3,149
- Decrease/(Increase) in current assets	(120)	4,423
- Decrease in inventories	53	2,371
- Decrease in non current liabilities	(6)	(143)
- (Decrease)/increase in current liabilities	1,539	(31,916)
Cash flow from / (used in) operations	3,146	(13,899)
- Taxes (paid) / received	938	673
Net cash flow from / (used in) operating activities (A)	4,084	(13,226)
Cash flow from investing activities:		
Purchase of properties plant and equipment (including intangible assets)	(26)	(37)
Capital work-in-progress (including intangible assets under development)	9	-
Proceeds from sale of properties, plant and equipment	13,965	53
Purchase of current investments	(7,800)	-
Interest received	218	229
Redemption/maturity of bank deposits (net)	(1,457)	1,458
Movement in margin money account (net)	-	52
Gain on sale of investment carried at FVTPL	37	-
Inter corporate deposits given	-	(28,572)
Inter corporate deposits received back	2,295	37,941
Receipt of business consideration on sale of investment in subsidiaries	1,580	-
Net cash flow from investing activities (B)	8,821	11,124
Cash Flow from Financing Activities:		
Proceeds from loans and borrowings	-	178,277
Repayment of loans and borrowings	(12,320)	(172,988)
Lease obligation paid	-	(103)
Interest paid	(1,408)	(4,982)
Unclaimed deposit / dividend transferred to investor education and protection fund	-	(47)
Net cash flow from / (used in) financing activities (C)	(13,728)	157
Net decrease in cash and cash equivalents (A+B+C)	(823)	(1,945)
Opening balance of cash and cash equivalents	1,852	3,756
Exchange difference on translation of foreign currency cash and cash equivalent	(3)	41
Closing balance of cash and cash equivalents	1,026	1,852
Cash and cash equivalents comprise of		
Cash, cheques and drafts (on hand)	-	-
Balances with banks on current accounts	1,026	1,852
Balances with banks on deposits accounts	-	-

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 2022, 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 profit and other comprehensive loss and other financial information for the year ended 31 March 2022.

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 financial statements, which states that the Company has accumulated losses as at 31 March 2022 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 2022. These conditions, along with other matters set forth in note 4, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern i.e., whether the Company will be able to 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 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 financial statements on a going concern basis.

Our opinion is not modified in respect of this matter.

Registered Office:

Independent Auditor's Report (Continued)

HCL Infosystems Limited

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.
- 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

Independent Auditor's Report (Continued)

HCL Infosystems Limited

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 2022 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

28 May 2022

Membership No.: 098652

UDIN:22098652AJUTFC5043

HCL INFOSYSTEMS LIMITED
Audited Consolidated Financial Results for the quarter and year ended March 31, 2022
 Regd. Off. 806, Siddharth, 96 Nehru Place, New Delhi 110 019.
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 Website www.hclinfosystems.in
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Consolidated Statement of Profit and Loss for the quarter and year ended March 31, 2022 (Rs. In Lakhs)					
Particulars	Consolidated				
	Three months ended			Year to date	
	31.03.2022	31.12.2021	31.03.2021	31.03.2022	31.03.2021
	Audited	Unaudited	Audited	Audited	
1 Income					
Revenue from operations	1,386	1,243	4,346	6,944	35,275
Other income	1,202	243	7,856	4,154	11,327
Total Income	2,588	1,486	12,202	11,098	46,602
2 Expenses					
(a) Cost of materials consumed	2	-	-	2	-
(b) Purchase of stock-in-trade	148	147	(160)	817	18,124
(c) Changes in inventories of finished goods and stock-in-trade	164	3	213	232	2,507
(d) Other direct expense	81	562	1,510	3,517	11,814
(e) Employee benefits expense	508	634	1,578	2,667	8,049
(f) Finance costs	232	262	956	1,370	5,235
(g) Depreciation and amortisation expense	18	20	80	147	427
(h) Legal, professional and consultancy charges	845	828	1,076	3,240	3,626
(i) Other expenses	2,472	502	10,935	6,683	16,295
Total expenses	4,470	2,958	16,188	18,675	66,077
3 Loss before exceptional items and tax from continuing operations (1 - 2)	(1,882)	(1,472)	(3,986)	(7,577)	(19,475)
4 Exceptional items gain (Refer note 3)	(175)	738	-	10,151	-
5 Profit/(Loss) before tax from continuing operations (3 + 4)	(2,057)	(734)	(3,986)	2,574	(19,475)
6 Tax expense / (credit)					
(a) Current tax	122	-	198	122	198
(b) Deferred tax expense	-	-	-	-	-
7 Profit/(Loss) for the period from continuing operations (5 - 6)	(2,179)	(734)	(4,184)	2,452	(19,673)
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)	(2,179)	(734)	(4,184)	2,452	(19,673)
13 Other comprehensive income					
A (i) Items that will not be reclassified to profit and loss	(41)	-	(21)	(41)	(21)
(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	30	-	19	86	(99)
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-
Total other comprehensive income, net of income tax	(11)	-	(2)	45	(120)
14 Total comprehensive income for the period (12 + 13)	(2,190)	(734)	(4,186)	2,497	(19,793)
15 Net Profit/(Loss) attributable to:					
- Shareholders	(2,179)	(734)	(4,184)	2,452	(19,673)
- Non-controlling interests	(0)	-	(0)	(0)	-
Total comprehensive income attributable to:					
- Shareholders	(2,190)	(734)	(4,186)	2,497	(19,793)
- Non-controlling interests	(0)	-	-	-	-
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	-	-	-	-	(30,591)
18 Earnings per share for continuing operations (of Rs 2/- each) (not annualised):					
(a) Basic	(0.66)	(0.22)	(1.27)	0.74	(5.98)
(b) Diluted	(0.66)	(0.22)	(1.27)	0.74	(5.98)
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	(0.66)	(0.22)	(1.27)	0.74	(5.98)
(b) Diluted	(0.66)	(0.22)	(1.27)	0.74	(5.98)

Consolidated Balance Sheet (Rs. In Lakhs)		
Particulars	Consolidated	
	As at 31.03.2022 (Audited)	As at 31.03.2021 (Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	416	3,518
Right of use assets	-	28
Capital work-in-progress	9	16
Other intangible assets	4	8
Financial assets		
i. Other financial assets	2,442	3,970
Advance income tax asset (net)	4,249	8,641
Other non-current assets	14,077	17,580
Total non-current assets	21,197	33,761
Current assets		
Inventories	51	284
Financial assets		
i. Investments	9,700	-
ii. Trade receivables	2,765	8,686
iii. Cash and cash equivalents	2,188	3,882
iv. Bank balances other than (iii) above	4,464	567
v. Other financial assets	521	1,084
Other current assets	7,549	15,153
Assets held for sale	690	1,505
Total Current Assets	27,928	31,161
Total assets	49,125	64,922
EQUITY AND LIABILITIES		
Equity		
Equity share capital	6,584	6,584
Other equity	(28,095)	(30,591)
Non-controlling interests	(0)	(0)
Total equity	(21,511)	(24,007)
LIABILITIES		
Non-current liabilities		
Financial liabilities		
i. Borrowings	1,383	5,903
i. Lease obligation	-	28
Provisions	155	212
Deferred tax liabilities (net)	-	-
Total non-current liabilities	1,538	6,143
Current liabilities		
Financial liabilities		
i. Borrowings	40,021	41,490
ii. Trade payables	7,456	13,510
iii. Other financial liabilities	1,149	8,166
Other current liabilities	15,348	14,277
Provisions	4,804	5,343
Current tax liabilities (net)	320	-
Total current liabilities	69,098	82,786
Total liabilities	70,636	88,929
Total equity and liabilities	49,125	64,922

Segment-wise information

Particulars	Three months ended			Year to date	
	31.03.2022	31.12.2021	31.03.2021	31.03.2022	31.03.2021
	Audited	Unaudited	Audited	Audited	
1. Segment Revenue					
- Hardware Products and Solutions	1,108	1,038	3,684	6,096	13,537
- Distribution	278	205	662	848	21,738
Total	1,386	1,243	4,346	6,944	35,275
Less : Intersegment revenue	-	-	-	-	-
Revenue from operations	1,386	1,243	4,346	6,944	35,275
2. Segment results (profit / (loss) before tax and interest from each segment)					
- Hardware Products and Solutions	(489)	(591)	(2,836)	(3,048)	(8,218)
- Distribution	275	(67)	95	245	(3,439)
- Learning	71	(2)	109	51	118
Total	(143)	(660)	(2,632)	(2,752)	(11,539)
Less :					
i) Interest expense	233	262	956	1,371	5,235
ii) Other un-allocable expenditure net off un-allocable (income)	1,681	(188)	398	(6,697)	2,701
Total Profit / (Loss) before tax	(2,057)	(734)	(3,986)	2,574	(19,475)
3. Segment Assets					
- Hardware Products and Solutions	17,026	20,158	28,161	17,026	28,161
- Distribution	10,078	10,122	14,096	10,078	14,096
- Learning	79	81	192	79	192
- Unallocated	21,942	23,901	22,473	21,942	22,473
Total Assets	49,125	54,262	64,922	49,125	64,922
4. Segment Liabilities					
- Hardware Products and Solutions	22,547	23,941	26,486	22,547	26,486
- Distribution	2,416	2,868	4,204	2,416	4,204
- Learning	59	133	130	59	130
- Unallocated	45,614	46,637	58,109	45,614	58,109
Total Liabilities	70,636	73,579	88,929	70,636	88,929

Notes

- After recommendation by the Audit Committee, these results have been approved and taken on record by the Board of Directors at its meeting held on May 28, 2022. The statutory auditors have issued review report with unmodified opinion on these results.
- As at March 31, 2022, the Group has accumulated losses and its net worth has been fully eroded, the Group's current liabilities exceeded its current assets by Rs 41,170 Lakhs for the period ended March 31, 2022 (March 31, 2021 - Rs. 51,625 Lakhs). The losses are primarily as a result of delayed receipts on certain system integration contracts, historical low margin contracts, large litigations and their costs which are at different stages of progression. The management of HCL Infosystems Limited (Parent Company), is pursuing strategies which include scale down of loss-making businesses like scaling down of the distribution business (refer note 6), sale of certain non-core properties (refer note 4) and reduction in outstanding debts. To ensure the necessary financial support for its operations, the Board of Directors of HCL Corporation Private Limited has approved support in the form of corporate guarantees to banks of Rs 25,000 Lakhs and interest free unsecured loans of Rs 35,500 Lakhs to the Parent Company out of total authorized limit of Rs. 1,50,000 Lakhs. This had been approved by the shareholders of the Parent Company, vide their resolution dated September 14, 2017. Considering the above support, the Parent's management and the Board of Directors have a reasonable expectation that the Group will be able to realise its assets and discharge its contractual obligations and liabilities as they fall due in the near future in the normal course of business. Accordingly, the consolidated financial results have been prepared on a going concern basis.

3. Exceptional items include :

Particulars	Three months ended			Year to date	
	31.03.2022	31.12.2021	31.03.2021	31.03.2022	31.03.2021
	Audited	Unaudited	Audited	Audited	
Gain on sale of properties, plant and equipments (Refer Note No. 4)	158	738	-	10,484	-
Impairment of property	(333)	-	-	(333)	-
Total Gain/(Loss)	(175)	738	-	10,151	-

- In order to reduce Group's debt obligations, the Group has decided to monetize Group owned properties in a phased manner. Several of Group's properties are not being fully utilized due to changes in the business of the Group, therefore during the quarter ended, June 30, 2021, the Group has disposed three properties located in Mohali, Sector-11 Noida and Sederapet, having net carrying amount of Rs.1,407 Lakhs, for a consideration of Rs. 7,610 Lakhs, resulting an overall gain of Rs. 6,203 Lakhs. (quarter and year ended March 31, 2021: Nil). During the quarter ended September 30, 2021, the Group has disposed two properties located in Hyderabad, having net carrying value Rs 1,199 Lakhs for a consideration of Rs 4,584 Lakhs, resulting an overall gain of Rs 3,385 Lakhs. During the quarter ended December 31, 2021, the company has disposed one property located in Pant Nagar, having net carrying value Rs 937 Lakhs for a consideration of Rs 1,455 Lakhs, resulting an overall gain of Rs 738 Lakhs. During the quarter ended March 31, 2022, the company has disposed one property located in Mumbai, having net carrying value Rs 7 Lacs for a consideration of Rs 165 Lacs, resulting an overall gain of Rs 158 Lacs.
- The Company initiated a scheme of amalgamation of Digilife Distribution and Marketing Services Limited (DDMS) and HCL Learning Limited (Learning), wholly owned subsidiaries, with and into HCL Infosystems Limited (HCL). The rationale for this is to consolidate businesses into a single entity, simplify the corporate structure and reducing administrative costs. The petition for sanctioning of the scheme was filed before the Hon'ble NCLT, New Delhi bench on 13th December 2021.

Pursuant to order of the Hon'ble NCLT, New Delhi dated January 18, 2022, notices were duly issued to statutory authorities inviting their objections to the scheme and reports have been obtained from the Official Liquidator and the Regional Director. Adequate responses to their observations have also been filed before the Hon'ble NCLT along with necessary compliances. The scheme is now pending before the Hon'ble NCLT until next hearing. The Company has also proposed to change the Appointed Date of the Scheme from April 01, 2020 to April 01, 2022 which would require an approval from the NCLT.
- 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, the Board recommended that in order to limit future financial losses, the Enterprise and Consumer Distribution Business be 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 1,906 Lakhs for the year ended March 31, 2022, Rs 577 Lakhs for the quarter ended March 31, 2022 and Rs Nil for the quarter ended December 31, 2021 (Rs 5,987 Lakhs for the quarter ended March 31, 2021 and Rs 7,118 Lakhs for the year ended March 2021), on account of write back of certain old navables 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 by Rs. 3,107 Lakhs, with reversal of corresponding credit of Rs 766 lakhs, for the year ended March 31, 2022, (Rs 1,556 Lakhs for the quarter ended March 31, 2022, with reversal of corresponding credit of Rs. 766 lakhs), (Nil for the quarter ended December 31, 2021) and (Rs 8,805 lakhs for the quarter ended March 31, 2021 and Rs. 9,013 Lakhs for the year ended March 31, 2021) on account of provision for certain receivable balances.

9. HCL Infosystems Limited ("the Company") was appointed as the Managed Service Provider ("MSP") by Unique Identification Authority of India ("UIDAI") vide the contract dated 6 August 2012 to implement and manage the Central Identities Data Repository (CIDR). The said contract originally ended on 6 August 2019 and then was unilaterally extended by the UIDAI. The Company challenged this unilateral extension of the MSP contract by UIDAI before the Hon'ble Arbitral Tribunal. The Company and UIDAI entered into consent terms dated 5 May 2020 (which also formed part of the consent order dated 7 May 2020 passed by the Hon'ble Arbitral Tribunal) and the Company agreed to perform services for UIDAI subject to the terms and conditions of the consent terms. As per the consent terms executed between UIDAI and the Company, the Company has completed performance of services as per the terms of the MSP Contract, without prejudice to its rights and contentions in the arbitration proceedings, till 6 April 2021 (including knowledge transfer period of 3 months) and the annual maintenance contract and software licenses for the period till 6 August 2021. The Hon'ble Arbitral Tribunal on 19 June 2020 passed the liability award wherein it held that the extension of the MSP contract by UIDAI is not valid, and also stipulates that the Company is entitled to receive the consideration for its services during the period covered by the consent terms, i.e. from May 2020 to August 2021, at the current market value.

Pending determination of the current market value through arbitration, revenue is measured by the Company at existing contract price for the period May 2020 to August 2021. The differential revenue on the basis of current market value will be recognized once the same has been determined by the Hon'ble Arbitral Tribunal in the future. Further, the costs have been recognized based on the revised rates agreed during negotiations in the last year with the vendors.

10. Financial results for all the periods presented have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable.

11. The Code on Social Security, 2020 ("Code") relating to employee benefits during employment and post – employment benefits has received the Presidential assent in September 2020. The Ministry of Labour and Employment had released draft rules for the Code on November 13, 2020, and had invited suggestions from stakeholders which are under active consideration by the Ministry. However, the effective date from which the changes are applicable is yet to be notified. The Company will evaluate and will give appropriate impact in the financial results in the period in which the Code becomes effective and the related rules are published.

12. The Board of Directors of HCL Infosystems Limited in its meeting held on February 10, 2021 had approved to sell the entire shareholding held by HCL Infosystems Limited in HCL Infotech Limited at "Net Asset Value" as on closing date, after acquiring the undertaking which shall comprise of the business relating to two specific projects through a business transfer agreement, certain other assets and liabilities through assignment deed and HCL Investments Pte., Singapore & its step down subsidiary through a share purchase agreement. Unaudited net asset value of HCL Infotech Limited post this carve out as on September 30, 2020 is Rs 14,700 Lakhs. The sale will be made to Novezo Consulting Pvt. Ltd based on the terms and conditions as specified in share purchase agreement dated February 10, 2021. One of the key customer of the company's defense project, which is forming part of the transaction has asked the company to novate the project to either HCL Infosystems Limited or a third party service provider acceptable to the customer, instead of transferring the said project as part of HCL Infotech Limited sale. The company is currently in discussion with the customer and some of the prospective third party service providers. This exercise has resulted in a significant delay in closing the transaction sale of HCL Infotech to Novezo. Currently in addition, some of the terms of the Share Purchase Agreement are being renegotiated with Novezo and there are several unresolved issues. The revised SPA which, if resolved, will require be subject to approval of the Board and the Shareholders of the Company.

13. Management believes that it has taken into account all the possible impacts of known events arising from COVID-19 pandemic in the preparation of these financial results. In evaluating the impact of COVID-19 on the Group's ability to continue as a going concern, the management has assessed the impact on its business and the carrying value of its major assets comprising of property, plant and equipment, trade receivables and other receivable balances. The impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and actual results may differ materially from these estimates. The Group will continue to monitor any material changes to future economic conditions and any significant impact of these changes would be recognized in the financial results as and when these material changes to economic conditions arise.

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

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

for HCL Infosystems Limited

Nikhil Sinha
Chief Person

Place : Noida

Consolidated Cash Flow Statement for year ended March 31, 2022

(Rs. In Lakhs)

Particulars	Year ended	Year ended
	31.03.2022	31.03.2021
	Audited	Audited
Cash Flow from Operating Activities^:		
Profit/(Loss) before tax from continuing and discontinued operations	2,574	(19,475)
Adjustments for:		
Depreciation and amortisation expense	147	427
Finance cost	1,370	5,235
Interest income	-	(3,450)
Interest income on FD	(191)	-
Interest on income tax refund	(1,276)	-
Net gains on fair value changes on investments	(100)	-
Net profit on sale of property, plant and equipment	(10,502)	(27)
Impairment of property, plant and equipments	333	-
Property, plant and equipment written-off	6	40
Profit on disposal of unquoted (others) current investments	(37)	-
Gain on foreign exchange fluctuation	(76)	17
Provision for change in fair value of OCD	1,556	-
Provision for doubtful debts	585	8,895
Provision for doubtful loans and advances and other current assets	966	98
Provisions/liabilities no longer required written back	(1,906)	(7,314)
Provisions for Input tax credit	898	2,257
Operating loss before working capital changes	(5,653)	(13,297)
Changes in operating assets and liabilities		
- Decrease in trade receivables	5,334	9,751
- Decrease in non current assets	3,657	3,169
- Decrease in current assets	4,833	8,519
- Decrease in inventories	233	2,507
- Decrease in non current liabilities	(57)	(234)
- Decrease in current liabilities	(3,944)	(15,695)
Cash flow from / (used in) operations	4,403	(5,280)
- Taxes (paid)/received (net of tax deducted at source)	5,668	3,805
Net cash flow from / (used in) operating activities (A)	10,071	(1,475)
Cash flow from investing activities^:		
Payment for property, plant and equipment (including intangible assets)	(20)	(42)
Proceeds from sale of properties	13,992	325
Receipt of business consideration on sale of investment in subsidiaries	1,580	(5)
Purchase of current investments	(9,563)	-
Redemption/(Investment) in bank deposits	(4,092)	1,603
Movement in margin money account	(10)	(95)
Interest received	191	257
Net cash flow from investing activities (B)	2,078	2,043
Cash Flow from Financing Activities^:		
Lease obligation paid	(28)	(133)
Proceeds from loans and borrowings	-	178,179
Repayment of loans and borrowings	(12,322)	(174,948)
Interest paid	(1,513)	(5,268)
Unclaimed deposit / dividend transferred to investor protection fund	-	(47)
Net cash from/(used in) financing activities (C)	(13,863)	(2,217)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	(1,715)	(1,649)
Opening balance of cash and cash equivalents	3,882	5,526
Exchange difference on translation of foreign currency cash and cash equivalent	20	5
Effect of exchange differences on translation of foreign operations	1	-
Closing balance of cash and cash equivalents	2,187	3,882
Cash and cash equivalents comprise of		
Cash, cheques and drafts (on hand)	5	5
Balances with banks on current accounts	2,173	3,868
Balances with banks on deposits accounts	9	9

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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 2022, 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. Digilife Distribution and Marketing Services Limited
 3. HCL Learning Limited
 4. HCL Investment Pte. Limited
 5. Pimpri Chinchwad eServices Limited
 6. 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 profit and other comprehensive income and other financial information of the Group for the year ended 31 March 2022.

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.

Material Uncertainty Related to Going Concern

We draw attention to note 2 of the consolidated financial statements, which states that the group has accumulated losses as at 31 March 2022 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 2022. These conditions, along with

Registered Office:

Independent Auditor's Report (Continued)

HCL Infosystems Limited

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 financial statements on a going concern basis.

Our opinion is not modified in respect of this matter.

Emphasis of Matter(s)

We draw attention to note 9 to the consolidated financial results for the year ended 31 March 2022, which states that the Hon'ble Arbitral Tribunal has, on 19 June 2020, passed a liability award in the arbitration proceedings filed by HCL Infosystems Limited in respect of the Managed Service Provider ("MSP") contract against one of the major customers. As stated in the said note, the said liability award provides, inter alia, that HCL Infosystems Limited is entitled to receive the consideration for its services during the period covered by the consent terms, 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.

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.

Independent Auditor's Report (Continued)

HCL Infosystems Limited

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 the 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.

Other Matter(s)

- a. The consolidated annual financial results include the unaudited financial results of three subsidiaries, whose financial statements reflects Group's share of total assets of Rs. 919 lakhs as at 31 March 2022, Group's share of total revenue of nil, Group's share of total net loss after tax of Rs. 202 lakhs and Group's share of net cash outflows of Rs 6 laks for the year ended on that date, as considered in the consolidated annual financial results. These unaudited financial statements have been

Independent Auditor's Report (Continued)

HCL Infosystems Limited

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 2022 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

28 May 2022

Membership No.: 098652

UDIN:22098652AJUSUF4573