

**Standalone Statement of Profit and Loss for the quarter and year ended March 31, 2021**

(Rs. In Lakhs)

Particulars	Standalone				
	Three months ended			Year to date	
	31.03.2021	31.12.2020	31.03.2020	31.03.2021	31.03.2020
	Audited	Unaudited	Audited	Audited	Audited
<b>1 Income</b>					
Revenue from operations	727	3,380	18,736	21,736	1,64,813
Other income	1,431	144	191	2,363	2,965
<b>Total Income</b>	<b>2,158</b>	<b>3,524</b>	<b>18,927</b>	<b>24,099</b>	<b>1,67,778</b>
<b>2 Expenses</b>					
(a) Cost of materials consumed	-	-	-	-	-
(b) Purchase of stock-in-trade	(64)	1,835	17,768	18,148	1,54,799
(c) Changes in inventories of finished goods and stock-in-trade	137	941	2,332	2,371	6,105
(d) Employee benefits expense	398	599	1,399	2,838	5,654
(e) Finance costs	874	1,119	1,725	4,950	8,427
(f) Depreciation and amortisation expense	74	89	147	403	741
(g) Other expenses	1,927	1,714	1,915	6,777	7,370
<b>Total expenses</b>	<b>3,346</b>	<b>6,297</b>	<b>25,286</b>	<b>35,487</b>	<b>1,83,096</b>
<b>3 Loss before exceptional items and tax (1 - 2)</b>	<b>(1,188)</b>	<b>(2,773)</b>	<b>(6,359)</b>	<b>(11,388)</b>	<b>(15,318)</b>
<b>4 Exceptional Items loss (Refer note 2)</b>	<b>(3,363)</b>	<b>(1,185)</b>	<b>(4,072)</b>	<b>(9,088)</b>	<b>(10,171)</b>
<b>5 Loss before tax (3 + 4)</b>	<b>(4,551)</b>	<b>(3,958)</b>	<b>(10,431)</b>	<b>(20,476)</b>	<b>(25,489)</b>
<b>6 Tax expense</b>					
(a) Current tax	-	-	-	-	-
(b) Deferred tax expense	-	-	-	-	6,355
<b>7 Net loss for the period (5 - 6)</b>	<b>(4,551)</b>	<b>(3,958)</b>	<b>(10,431)</b>	<b>(20,476)</b>	<b>(31,844)</b>
<b>8 Other comprehensive income</b>					
A (i) Items that will not be reclassified to profit and loss	(25)	-	(21)	(25)	(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	-	-	-	-	-
(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>(25)</b>	<b>-</b>	<b>(21)</b>	<b>(25)</b>	<b>(21)</b>
<b>9 Total comprehensive income for the period (7 + 8)</b>	<b>(4,576)</b>	<b>(3,958)</b>	<b>(10,452)</b>	<b>(20,501)</b>	<b>(31,865)</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				(31,067)	(10,566)
12 Earnings per share (of Rs 2/- each) (not annualised):					
(a) Basic	(1.38)	(1.20)	(3.17)	(6.22)	(9.67)
(b) Diluted	(1.38)	(1.20)	(3.17)	(6.22)	(9.67)

**Standalone Balance Sheet**

(Rs. In Lakhs)

Particulars	Standalone	
	As at 31.03.2021 (Audited)	As at 31.03.2020 (Audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	3,513	5,360
Right of use assets	-	84
Capital work-in-progress	16	-
Other intangible assets	8	36
Financial assets		
i. Investments	4	4
ii. Other financial assets	3,636	3,485
Advance income tax (net)	3,914	4,446
Other non-current assets	16,546	19,696
<b>Total non-current assets</b>	<b>27,637</b>	<b>33,111</b>
<b>Current assets</b>		
Inventories	53	2,424
Financial assets		
i. Trade receivables	1,464	15,838
ii. Cash and cash equivalents	1,852	3,756
iii. Bank balances other than (ii) above	567	2,222
iv. Loans	281	20,356
v. Others financial assets	1,628	3,433
Other current assets	2,136	4,643
Asset Held for Sale	1,505	-
<b>Total current assets</b>	<b>9,486</b>	<b>52,672</b>
<b>Total assets</b>	<b>37,123</b>	<b>85,783</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity share capital	6,584	6,584
Other equity	(31,067)	(10,566)
<b>Total equity</b>	<b>(24,483)</b>	<b>(3,982)</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Financial liabilities		
i. Borrowings	5,903	2,275
ii. Lease obligation	-	103
Provisions	84	227
<b>Total non-current liabilities</b>	<b>5,987</b>	<b>2,605</b>
<b>Current liabilities</b>		
Financial liabilities		
i. Borrowings	41,489	42,060
ii. Trade payables		
(a) total outstanding dues of micro enterprises and small enterprises	189	671
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	3,851	34,149
iii. Other financial liabilities	7,558	7,638
Other current liabilities	1,348	1,463
Provisions	1,184	1,179
<b>Total current liabilities</b>	<b>55,619</b>	<b>87,160</b>
<b>Total liabilities</b>	<b>61,606</b>	<b>89,765</b>
<b>Total equity and liabilities</b>	<b>37,123</b>	<b>85,783</b>

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 June 25, 2021. The statutory auditors have issued audit report with unmodified opinion on these results.

2. Exceptional items include :

Particulars	Three months ended			Year to date	Year ended
	31.03.2021	31.12.2020	31.03.2020	31.03.2021	31.03.2020
	Audited	Unaudited	Audited	Audited	Audited
a. Profit on sale of property, plant and equipments*	-	-	-	-	1,565
b. Provision against loan given to subsidiary	(2,453)	(1,185)	(4,072)	(8,178)	(11,736)
c. Provision for loss in subsidiary#	(279)	-	-	(279)	-
d. Loss on conversion of ICD to OCD (Refer Note 11)	(631)	-	-	(631)	-
<b>Total loss - (a+b)</b>	<b>(3,363)</b>	<b>(1,185)</b>	<b>(4,072)</b>	<b>(9,088)</b>	<b>(10,171)</b>

\* Year ended 31 March 2020- Rs.1,565 lakhs represents profit on sale of properties situated at Plot No. 10, CTS No. 86 Lohegaon, Viman Nagar, Pune and G-8,9,10, Sector 3, and B-13,14 Sector 8, Noida location under property monetization plan, under which agreement to sale was approved by the Board of Directors on 13.05.2019 and 20.05.2019 respectively.

#The Company has made provision of Rs 279 Lakhs, on account of accumulated losses and erosion of net worth of HCL Infotech Limited, as at the balance sheet date.

3. As at March 31, 2021, the Company has accumulated losses and its net worth has been fully eroded, the Company has incurred a net loss of Rs. 20,476 Lakhs during the current year (March 31, 2020: Rs. 31,844 Lakhs) and the Company's current liabilities exceeded its current assets by Rs. 46,133 lakhs (March 31, 2020 Rs. 34,488 lakhs) as at March 31, 2021. The losses are primarily as a result of delayed receipts on certain system integration contracts, certain historical low margin contracts, slow-down of distribution businesses and finance costs. 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 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 and unsecured loans) to the Company upto 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. In view of the current financial stress faced by the Enterprise and Consumer Distribution businesses resulting in decline in sales and increase in losses, the Board of Directors had appointed a reputed independent consulting firm to review these businesses. Based on the report of the consulting firm and the inputs of the management team, the Board of Directors in their meeting dated January 27, 2020 decided that because of low margin contracts, tough market conditions and the current financial position of the Company, the Distribution businesses of the Company were not financially sustainable. Consequently, the Board recommended that in order to limit future financial losses, the Enterprise and Consumer Distribution Business has been substantially scaled down during the year.

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 Board of Directors of HCL Infosystems Limited in its meeting held on August 06, 2019 had approved to sell the entire shareholding held by HCL Learning Limited (a Subsidiary of HCL Infosystems Limited) in HCL Insys Pte Ltd, Singapore (step subsidiary) after the transfer of the trading business and the subsidiary Nurture Technologies FZE to HCL Investments Pte Ltd (subsidiary of HCL Infotech Limited). The sale was made to PCCW Solutions Ltd for a total consideration of Rs.30,335 lakhs. The transaction was completed on November 15, 2019.

7. The Board of Directors of HCL Infosystems Limited, in its meeting held on August 06, 2020, approved the merger of HCL Learning Limited and Digilife Distribution and Marketing Services Limited (DDMS), wholly owned subsidiaries of the Company, with HCL Infosystems Limited. The proposed merger is for the purpose of simplifying the group structure. As part of the ongoing rationalization of the business, the learning business and the distribution business are being scaled down. As a result, separate entities for these businesses, i.e. HCL Learning Limited for learning business and DDMS for distribution business, are no longer required. An application was filed before the Hon'ble National Company Law Tribunal ('NCLT') at New Delhi Bench on 21 September 2020 for obtaining the sanction of NCLT on the proposed merger. Since, the aforesaid Scheme is subject to approval from concerned regulatory authorities which is considered to be substantive, the accounting effect of the above Scheme has not been considered in these financial results.

8. 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. Pursuant to the Board approval dated January 25, 2021, May 18, 2021 and May 25, 2021, the Company has intended to dispose the four properties located in Mohali, Sector-11 Noida, Sederapet and Hyderabad, having gross carrying amount of Rs 1,986 Lakhs, accumulated depreciation of Rs. 481 Lakhs and net carrying amount of Rs.1,505 Lakhs, for a consideration of Rs. 7,986 Lakhs.

Out of abovementioned four properties, the Company has sold three properties located in Mohali, Sector-11 Noida and Sederapet as on the date of approval of the financial statements for issue. For one property located at Hyderabad, the Company has identified the buyer and transfer the title of such property is expected in the near future.

9. 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 30 September 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 customers of our key defense project which is forming part of the deal has asked us to maintain status quo and further explore alternative options. The Company is in active discussion with the investor and the customer and this transaction is expected to take longer time than expected initially with of change in terms. Since, the closure of transaction is subject to certain conditions precedents, which are considered to be substantive in nature, the accounting effect of the above transaction has not been considered in these financial results.

10. Based on the detailed assessment performed by Management which also included, wherever considered necessary, performing reconciliation with the parties and obtaining legal opinion, the Company has credited its Statement of Profit and Loss with Rs. 1,213.76 Lakhs and Rs 1,488.21 Lakhs, for the quarter ended and year ended March 31,2021 respectively (Rs. 80.71 Lakhs and Rs.195.34 Lakhs, for the quarter and year ended March 31, 2020 respectively) on account of write back of certain old payables and provisions.

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 has recognised a loss on of Rs. 631 Lakhs, upon conversion of net balance of unsecured loan into OCD.

12 The Company and HCL Infotech Limited, has agreed that the OCDs as mentioned in note 11, 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, has 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. 1,892 Lakhs (including amount of Rs. 867 Lakhs of the contract assets) has been derecognized in the financial statements of HCL Infotech Limited and recognized by the Company against the value of OCDs.

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 : June 25, 2021

## Standalone Cash Flow Statement for the year ended March 31, 2021

(Rs. In Lakhs)

Particulars	Year ended	Year ended
	31.03.2021	31.03.2020
	Audited	Audited
<b>Cash flow from Operating Activities:</b>		
<b>Loss before tax</b>	(20,476)	(25,489)
<b>Adjustments for:</b>		
Depreciation and amortisation expense	403	741
Finance cost	4,950	8,427
Interest income	(370)	(1,494)
Net profit on sale of properties	(19)	(1,565)
Net profit on sale of property, plant and equipment	-	(9)
Property, plant and equipment written-off	40	12
Provision against inter Company deposits given to subsidiaries	8,457	11,736
Loss on conversion of inter company deposits into Optionally Convertible Debentures	631	-
Gain on foreign exchange fluctuation	(63)	(94)
Provision for doubtful debts	328	409
Provisions for other current assets	1,780	-
Provisions/liabilities no longer required written back	(1,488)	(195)
<b>Operating loss before working capital changes</b>	<b>(5,827)</b>	<b>(7,521)</b>
<b>Changes in operating assets and liabilities</b>		
- Decrease / (Increase) in trade receivables	14,044	21,708
- Decrease / (Increase) in non-current assets	3,149	(1,528)
- Decrease in current assets	4,423	5,014
- Decrease in inventories	2,371	6,106
- Increase / (decrease) in non current liabilities	(143)	(375)
- (Decrease) / increase in current liabilities	(31,916)	(18,118)
<b>Cash flow from / (used in) operations</b>	<b>(13,899)</b>	<b>5,286</b>
- Taxes (paid) / received	673	(252)
<b>Net cash flow from / (used in) operating activities (A)</b>	<b>(13,226)</b>	<b>5,034</b>
<b>Cash flow from investing activities:</b>		
Purchase of properties plant and equipment (including intangible assets)	(37)	(32)
Proceeds from sale of properties, plant and equipment	53	2,991
Interest received	229	1,494
Redemption/maturity of bank deposits (with original maturity of more than three months)	1,458	8,557
Movement in margin money account	52	(355)
Movement in balances with banks on dividend account	-	12
Inter corporate deposits given	(28,572)	(47,020)
Inter corporate deposits received back	37,941	66,562
Sale of investment in subsidiary	-	5,021
<b>Net cash flow from investing activities (B)</b>	<b>11,124</b>	<b>37,230</b>
<b>Cash Flow from Financing Activities:</b>		
Proceeds from loans and borrowings	1,78,277	1,78,543
Repayment of loans and borrowings	(1,72,988)	(2,12,040)
Lease obligation paid	(103)	(149)
Interest paid	(4,982)	(8,729)
Unclaimed deposit / dividend transferred to investor education and protection fund	(47)	(12)
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>157</b>	<b>(42,387)</b>
<b>Net increase/ (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(1,945)</b>	<b>(123)</b>
Opening balance of cash and cash equivalents	3,756	3,899
Exchange difference on translation of foreign currency cash and cash equivalent	41	(20)
<b>Closing balance of cash and cash equivalents</b>	<b>1,852</b>	<b>3,756</b>
<b>Cash and cash equivalents comprise of</b>		
Cash, cheques and drafts (on hand)	-	-
Balances with banks on current accounts	1,852	3,756
Balances with banks on deposits accounts	-	-

Note: During the current and previous year, there were no non cash changes in financial liabilities arising from financing activities. Accordingly, reconciliation between opening and closing balances in the balance sheet for liabilities arising from financing activities including both changes arising from cash flows and non-cash changes as required based on paragraph 44 of Ind AS 7 on 'Statement of Cash Flows' has not been given.