HCL INFOSYSTEMS LTD.
Corporate Office: E-4, Sector 11, NOIDA 201 301, U.P., India
Tel: +91 120 2520977, 2526518, 2526519 Fax: +91 120 2523791
Registered Office: 806 Siddharth, 96, Nehru Place, New Delhi-110019. India.
Corporate Identity Number - L72200DL1986PLC023955
www.hclinfosystems.com
www.hcl.com

25th June, 2021

To

The General Manager	The Vice President
Department of Corporate Relations	Listing Department
BSE Limited	The National Stock Exchange of India Limited
Sir Phiroze Jeejeebhoy Towers	Exchange Plaza
Dalal Street	Bandra Kurla Complex
Fort	Bandra (East)
Mumbai 400 001	Mumbai 400 051

Sub: Audited Financial Results for the quarter/ financial year ended 31st March, 2021 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 18th June, 2021 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, 2021 which have been approved and taken on record at the meeting of the Board of Directors of the Company held today i.e., 25th June, 2021.

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 02:40 P.M. and concluded at 08:00 P.M.

We are arranging to publish the results in the newspapers.

Please acknowledge receipt.

Very Truly Yours,

For HCL Infosystems Limited

KOMAL BATHLA
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Date: 2021.06.25 19:54:23 +05'30'

Komal Bathla
Company Secretary & Compliance Officer

Encl: As above.

HCL INFOSYSTEMS LIMITED

Audited Standalone Financial Results for the quarter and year ended March 31, 2021

Regd.Off. 806, Siddharth, 96 Nehru Place, New Delhi 110 019.
CIN - L72200DL1986PLC023955
Phone number +91 120 2520977, 2526518-19 Fax +91 120 2523791
Website www.hclinfosystems.com
Email ID: cosec@hcl.com

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
1	**Income**					
	Revenue from operations	727	3,380	18,736	21,736	1,64,813
	Other income	1,431	144	191	2,363	2,965
	Total Income	**2,158**	**3,524**	**18,927**	**24,099**	**1,67,778**
2	**Expenses**					
(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
	Total expenses	**3,346**	**6,297**	**25,286**	**35,487**	**1,83,096**
3	**Loss before exceptional items and tax (1 - 2)**	**(1,188)**	**(2,773)**	**(6,359)**	**(11,388)**	**(15,318)**
4	Exceptional Items loss (Refer note 2)	(3,363)	(1,185)	(4,072)	(9,088)	(10,171)
5	**Loss before tax (3 + 4)**	**(4,551)**	**(3,958)**	**(10,431)**	**(20,476)**	**(25,489)**
6	Tax expense					
	(a) Current tax	-	-	-	-	-
	(b) Deferred tax expense	-	-	-	-	6,355
7	**Net loss for the period (5 - 6)**	**(4,551)**	**(3,958)**	**(10,431)**	**(20,476)**	**(31,844)**
8	Other comprehensive income					
	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	-	-	-	-	-
	Total other comprehensive income net of income tax	**(25)**	**-**	**(21)**	**(25)**	**(21)**
9	**Total comprehensive income for the period (7 + 8)**	**(4,576)**	**(3,958)**	**(10,452)**	**(20,501)**	**(31,865)**
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)
ASSETS		
Non-current assets		
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
Total non-current assets	**27,637**	**33,111**
Current assets		
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	-
Total current assets	**9,486**	**52,672**
Total assets	**37,123**	**85,783**
EQUITY AND LIABILITIES		
Equity		
Equity share capital	6,584	6,584
Other equity	(31,067)	(10,566)
Total equity	**(24,483)**	**(3,982)**
LIABILITIES		
Non-current liabilities		
Financial liabilities		
i. Borrowings	5,903	2,275
ii Lease obligation	-	103
Provisions	84	227
Total non-current liabilities	**5,987**	**2,605**
Current liabilities		
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
Total current liabilities	**55,619**	**87,160**
Total liabilities	**61,606**	**89,765**
Total equity and liabilities	**37,123**	**85,783**

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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)	-
Total loss - (a+b)	**(3,363)**	**(1,185)**	**(4,072)**	**(9,088)**	**(10,171)**

* 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 errosion 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 & it's 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.

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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 favourble 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

NIKHIL SINHA

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Date: 2021.06.25 19:29:17 +05'30'

Place : Noida
Date : June 25, 2021

HCL INFOSYSTEMS LIMITED **Annexure-A**

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

(Rs. In Lakhs)

Particulars	Year ended 31.03.2021 Audited	Year ended 31.03.2020 Audited
Cash flow from Operating Activities:		
Loss before tax	(20,476)	(25,489)
Adjustments for:		
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)
Operating loss before working capital changes	(5,827)	(7,521)
Changes in operating assets and liabilities		
- 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)
Cash flow from / (used in) operations	**(13,899)**	**5,286**
- Taxes (paid) / received	673	(252)
Net cash flow from / (used in) operating activities (A)	**(13,226)**	**5,034**
Cash flow from investing activities:		
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
Net cash flow from investing activities (B)	**11,124**	**37,230**
Cash Flow from Financing Activities:		
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)
Net cash flow from / (used in) financing activities (C)	**157**	**(42,387)**
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	**(1,945)**	**(123)**
Opening balance of cash and cash equivalents	3,756	3,899
Exchange difference on translation of foreign currency cash and cash equivalent	41	(20)
Closing balance of cash and cash equivalents	**1,852**	**3,756**
Cash and cash equivalents comprise of		
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.

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B S R & Associates LLP
Chartered Accountants

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INDEPENDENT AUDITORS' 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 2021, ("the statement" or "the standalone annual financial results") attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').

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

a. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and

b. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards, and other accounting principles generally accepted in India, of the net loss and other comprehensive loss and other financial information for the year ended 31 March 2021.

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 we have obtained, is sufficient and appropriate to provide a basis for our opinion on the Standalone annual financial results.

Material Uncertainty on Going Concern

We draw attention to note 3 of the Statement, which states that the Company has accumulated losses and has incurred a net loss of Rs. 20,476 lakh during the current year. Further its net worth is fully eroded and that the Company's current liabilities exceed its current assets as at 31 March 2021. 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 statement on a going concern basis.

Our opinion is not modified in respect of this matter.

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone annual financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion through a separate report on the complete set of financial statements on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial results made by the Management and Board of Directors.

  Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone annual financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone annual financial results, including the disclosures, and whether the standalone annual financial results represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Other Matters

The standalone annual financial results include the results for the quarter ended 31 March 2021 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

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Date: 2021.06.25 19:34:01 +05'30'

Sandeep Batra
Partner
Membership No: 093320
UDIN: 21093320AAAAB16429

Place: New Delhi
Date: 25 June 2021

HCL INFOSYSTEMS LIMITED

Audited Consolidated Financial Results for the quarter and year ended March 31, 2021

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Consolidated Statement of Profit and Loss for the quarter and year ended March 31, 2021 **(Rs. In Lakhs)**

	Particulars	Consolidated				
		Three months ended			Year ended	
		31.03.2021	31.12.2020	31.03.2020	31.03.2021	31.03.2020
		Audited	Unaudited	Audited	Audited	
1	**Income**					
	Revenue from operations	4,346	7,203	22,771	35,275	1,81,517
	Other income	7,856	1,431	2,596	11,327	7,678
	Total Income	**12,202**	**8,634**	**25,367**	**46,602**	**1,89,195**
2	**Expenses**					
(a)	Cost of materials consumed	-	-	-	-	-
(b)	Purchase of stock-in-trade	(160)	1,802	18,062	18,124	1,55,906
(c)	Changes in inventories of finished goods and stock-in-trade	213	987	2,362	2,507	6,760
(d)	Other direct expense	1,510	3,295	(401)	11,814	8,208
(e)	Employee benefits expense	1,578	1,873	2,589	8,049	11,048
(f)	Finance costs	956	1,170	1,834	5,235	9,043
(g)	Depreciation and amortisation expense	80	93	166	427	880
(h)	Other expenses	12,011	2,846	7,321	19,921	21,384
	Total expenses	**16,188**	**12,066**	**31,933**	**66,077**	**2,13,229**
3	**Loss before exceptional items and tax from continuing operations (1 - 2)**	**(3,986)**	**(3,432)**	**(6,566)**	**(19,475)**	**(24,034)**
4	Exceptional Items gain (Refer note 6)	-	-	(290)	-	1,275
5	**Loss before tax from continuing operations (3 + 4)**	**(3,986)**	**(3,432)**	**(6,856)**	**(19,475)**	**(22,759)**
6	Tax expense / (credit)					
	(a) Current tax	198	-	(33)	198	8
	(b) Deferred tax expense	-	-	187	-	6,209
7	**Loss for the period from continuing operations (5 - 6)**	**(4,184)**	**(3,432)**	**(7,010)**	**(19,673)**	**(28,976)**
8	Profit / (loss) before tax from discontinued operations (Refer note 2)	-	-	(66)	-	405
9	Profit / (loss) on disposal of discontinued operations (Refer note 2)	-	-	45	-	15,076
10	Tax expense / (credit) of discontinued operations (Refer note 2)	-	-	63	-	138
11	**Net Profit / (loss) for the period from discontinued operations (8 + 9 - 10)**	**-**	**-**	**(84)**	**-**	**15,343**
12	**Net Loss for the period (7+ 11)**	**(4,184)**	**(3,432)**	**(7,094)**	**(19,673)**	**(13,633)**
13	Other comprehensive income					
	A (i) Items that will not be reclassified to profit and loss	(21)	-	(49)	(21)	(49)
	(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	19	(150)	29	(99)	461
	(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-
	Total other comprehensive income, net of income tax	**(2)**	**(150)**	**(20)**	**(120)**	**412**
14	**Total comprehensive income for the period (12 + 13)**	**(4,186)**	**(3,582)**	**(7,114)**	**(19,793)**	**(13,221)**
15	Net Profit/(Loss) attributable to:					
	- Shareholders	(4,184)	(3,432)	(7,094)	(19,673)	(13,633)
	- Non-controlling interests	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
	Total comprehensive income attributable to:					
	- Shareholders	(4,186)	(3,582)	(7,114)	(19,793)	(13,221)
	- Non-controlling interests	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
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)	(10,798)
18	Earnings per share for continuing operations (of Rs 2/- each) (not annualised):					
	(a) Basic	(1.27)	(1.04)	(2.13)	(5.98)	(8.80)
	(b) Diluted	(1.27)	(1.04)	(2.13)	(5.98)	(8.80)
19	Earnings per share for discontinued operations (of Rs 2/- each) (not annualised):					
	(a) Basic	-	-	(0.03)	-	4.66
	(b) Diluted	-	-	(0.03)	-	4.66
20	Earnings per share for discontinued & continuing operations (of Rs 2/- each) (not annualised):					
	(a) Basic	(1.27)	(1.04)	(2.16)	(5.98)	(4.14)
	(b) Diluted	(1.27)	(1.04)	(2.16)	(5.98)	(4.14)

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

Particulars	Consolidated	
	As at 31.03.2021 (Audited)	As at 31.03.2020 (Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	3,518	5,362
Right of use assets	28	136
Capital work-in-progress	16	-
Other intangible assets	8	36
Financial assets		
i. Other financial assets	3,970	3,739
Advance income tax asset (net)	8,641	11,625
Other non-current assets	17,580	20,740
Total non-current assets	**33,761**	**41,638**
Current assets		
Inventories	284	2,791
Financial assets		
i. Trade receivables	8,686	19,394
ii. Cash and cash equivalents	3,882	5,526
iii. Bank balances other than (ii) above	567	2,310
iv. Other financial assets	1,137	6,073
Other current assets	15,100	26,698
Assets held for sale	1,505	265
Total current assets	**31,161**	**63,057**
Total assets	**64,922**	**1,04,695**
EQUITY AND LIABILITIES		
Equity		
Equity share capital	6,584	6,584
Other equity	(30,591)	(10,798)
Non-controlling interests	(0.00)	(0.00)
Total equity	**(24,007)**	**(4,214)**
LIABILITIES		
Non-current liabilities		
Financial liabilities		
i. Borrowings	5,903	2,275
ii. Lease obligation	28	161
Provisions	212	446
Deferred tax liabilities (net)	-	-
Total non-current liabilities	**6,143**	**2,882**
Current liabilities		
Financial liabilities		
i. Borrowings	41,490	43,638
ii. Trade payables	13,510	34,729
iii. Other financial liabilities	8,166	7,391
Other current liabilities	14,277	15,834
Provisions	5,343	4,435
Current tax liabilities (net)	-	-
Total current liabilities	**82,786**	**1,06,027**
Total liabilities	**88,929**	**1,08,909**
Total equity and liabilities	**64,922**	**1,04,695**

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Segment-wise information

	Particulars	Three months ended			Year ended	
		31.03.2021	31.12.2020	31.03.2020	31.03.2021	31.03.2020
		Audited	Unaudited	Audited	Audited	
1.	**Segment Revenue**					
	- Hardware Products and Solutions	3,684	3,816	4,002	13,537	15,431
	- Services *	-	-	262	-	26,415
	- Distribution	662	3,387	18,769	21,738	1,65,595
	- Learning	-	-	-	-	537
	Total	4,346	7,203	23,033	35,275	2,07,978
	Less : Intersegment revenue	-	-	-	-	49
	Revenue from operations	**4,346**	**7,203**	**23,033**	**35,275**	**2,07,929**
2.	**Segment results (profit / (loss) before tax and Interest from each segment)**					
	- Hardware Products and Solutions	(2,836)	(860)	(259)	(8,218)	(7,952)
	- Services *	-	-	(64)	-	11
	- Distribution	95	(268)	(4,132)	(3,439)	(6,023)
	- Learning	109	10	(12)	118	670
	Total	(2,632)	(1,118)	(4,467)	(11,539)	(13,294)
	Less :					
	i) Interest expense	956	1,170	1,834	5,235	9,062
	ii) Other un-allocable expenditure net off un-allocable (income)	398	1,144	576	2,701	(15,078)
	Total Profit / (Loss) before tax	**(3,986)**	**(3,432)**	**(6,877)**	**(19,475)**	**(7,278)**
3.	**Segment Assets**					
	- Hardware Products and Solutions	28,161	35,550	36,462	28,161	36,462
	- Services *	-	-	-	-	-
	- Distribution	14,096	15,855	37,928	14,096	37,928
	- Learning	192	223	235	192	235
	- Unallocated	22,473	24,271	30,070	22,473	30,070
	Total Assets	**64,922**	**75,899**	**1,04,695**	**64,922**	**1,04,695**
4.	**Segment Liabilities**					
	- Hardware Products and Solutions	26,486	35,469	30,620	26,486	30,620
	- Services *	-	-	-	-	-
	- Distribution	4,204	6,388	20,931	4,204	20,931
	- Learning	130	371	449	130	449
	- Unallocated	58,109	53,488	56,909	58,109	56,909
	Total Liabilities	**88,929**	**95,716**	**1,08,909**	**88,929**	**1,08,909**

* Refer Note 2

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. 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.

   Accordingly, the business operations associated with these transactions have been considered as discontinued operations. The relevant information for all the period presented, attributable to these discontinued operations are as below.

Particulars	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	
Total revenue (including Other income)	-	-	260	-	26,694
Total expenditure	-	-	326	-	26,289
Profit before tax	-	-	(66)	-	405
Tax expense	-	-	63	-	138
Profit after tax	-	-	(129)	-	267
Profit on disposal of discontinued operations	-	-	45	-	15,076

3. As at March 31, 2021, the Group has accumulated losses and its net worth has been fully eroded, the Group has incurred a net loss of Rs. 19,673 Lakhs during the current year (March 31, 2020: Rs. 13,633 Lakhs) and the Group's current liabilities exceeded its current assets by Rs 51,625 lakhs (March 31, 2020 - Rs. Rs 42,970 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 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 5), 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 Parent Company upto 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.

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4. 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.

5. 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 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 has been substantially scaled down during the year.

6. Exceptional items include :

Particulars	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	
Gain on sale of property, plant and equipments*	-	-	-	-	1,565
Impairment of properties	-	-	(290)	-	(290)
Total gain	-	-	(290)	-	1,275

* 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 May 13, 2019 and May 20, 2019 respectively.

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 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. Pursuant to the Board approval dated January 25, 2021, May 18, 2021 and May 25, 2021, the Group 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 Group 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 Group has identified the buyer and transfer the title of such property is expected in the near future.

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. However, while the arbitration proceedings were pending, the Company was constrained to agree for an adhoc extension for a period of 9 months plus 3 months Knowledge Transfer Period after August 2019. Later, 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. Thereafter, 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. As per the consent terms executed between UIDAI and the Company, the Company has agreed to perform 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). The Company has further agreed to extend the annual maintenance contract and software licenses for the period till 6 August 2021. As per consent terms signed by the both the parties, the Company would continue to raise invoices to UIDAI as per the rates originally agreed in the MSP contract though the Company is entitled to claim market rate for the services provided to UIDAI, the quantum of which shall be decided in the subsequent hearings of the Arbitration proceedings.

   Pending determination of the current market value through arbitration, no revenue has been recognized by the Company for the difference in the expected current market value and the existing contract price which 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 with the vendors completed during the current financial year. This has resulted into recognition of additional loss of Rs 2,440 lakh during the current financial year, for the remaining contract period.

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 Group has credited its Statement of Profit and Loss with Rs. 5,987.28 Lakhs and Rs 7,118.17 Lakhs, for the quarter ended and year ended March 31, 2021 respectively (Rs. 2,048.74 Lakhs and Rs. 2,484.71 Lakhs, for the quarter and year ended March 2020 respectively), on account of write back of certain old payables and provisions.

11. The Group is facing delays in receipts from the customers, primarily in the power sector, due to which the Group has charged Rs. 8,805.68 Lakhs and Rs. 9,013.91 Lakhs, in the Statement of Profit and Loss, for the quarter ended and year ended March 31,2021 respectively (Rs. 4,851.60 Lakhs and Rs. 11,054.17 Lakhs, for the quarter and year ended March 2020 respectively) on account of provision for certain receivable balances.

12. 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.

13. 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 statements in the period in which the Code becomes effective and the related rules are published.

14. 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 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.

15. 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.

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

for HCL Infosystems Limited

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Nikhil Sinha
Chairperson

Place : Noida
Date : June 25, 2021

Consolidated Cash Flow Statement for year ended March 31, 2021

(Rs. In Lakhs)

Particulars	Year ended 31.03.2021 Audited	Year ended 31.03.2020 Audited
Cash Flow from Operating Activities^:		
Loss before tax from continuing and discontinued operations	(19,475)	(7,278)
Adjustments for:		
Depreciation and amortisation expense	427	1,813
Finance cost	5,235	9,062
Interest income	(3,450)	(3,474)
Net profit on sale of property, plant and equipment	(27)	(10)
Profit on disposal of discontinued operations	-	(15,076)
Profit on sale of properties	-	(1,565)
Impairment of property, plant and equipments	-	290
Property, plant and equipment written-off	40	12
Gain on foreign exchange fluctuation	17	(148)
Provision for doubtful debts	8,895	10,972
Provision for doubtful loans and advances and other current assets	98	19
Provisions/liabilities no longer required written back	(7,314)	(2,669)
Provisions for other current assets	2,257	-
Operating loss before working capital changes	**(13,297)**	**(8,052)**
Changes in operating assets and liabilities		
- Decrease / (increase) in trade receivables	9,751	18,905
- Decrease / (increase) in non-current assets	3,169	(1,278)
- Decrease in current assets	8,519	18,772
- Decrease in inventories	2,507	6,760
- Increase in non current liabilities	(234)	147
- Decrease / (increase) in current liabilities	(15,497)	(28,109)
Cash flow from / (used in) operations	**(5,082)**	**7,145**
- Taxes (paid) / received	3,607	(933)
Net cash flow from / (used in) operating activities (A)	**(1,475)**	**6,212**
Cash flow from investing activities^:		
Proceeds from the sale of investment in subsidiaries*	-	19,638
Payment for property, plant and equipment (including intangible assets)	(42)	(119)
Proceeds from sale of properties	325	2,991
Receipt of business consideration on sale of investment in subsidiaries	(5)	4,859
Redemption/Investments in bank deposits	1,603	12,889
Movement in margin money account	(95)	(1,526)
Movement in balances with banks on dividend account	-	12
Interest received	257	563
Net cash flow from investing activities (B)	**2,043**	**39,307**
Cash Flow from Financing Activities^:		
Lease obligation paid	(133)	(177)
Proceeds from loans and borrowings	1,78,179	1,80,026
Repayment of loans and borrowings	(1,74,948)	(2,19,416)
Interest paid	(5,268)	(9,422)
Unclaimed deposit / dividend transferred to investor protection fund	(47)	(12)
Net cash from financing activities (C)	**(2,217)**	**(49,001)**
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	**(1,649)**	**(3,482)**
Opening balance of cash and cash equivalents	5,526	9,042
Exchange difference on translation of foreign currency cash and cash equivalent	5	(4)
Effect of exchange differences on translation of foreign operations	-	(30)
Closing balance of cash and cash equivalents	**3,882**	**5,526**
Cash and cash equivalents comprise of		
Cash, cheques and drafts (on hand)	5	15
Balances with banks on current accounts	3,868	5,501
Balances with banks on deposits accounts	9	10

* As at 31 March 2020, proceeds from sale of investment in subsidiary for a total consideration of Rs. 30,335 lakhs. Net cash inflow of Rs. 19,638 lakhs is after adjusting Rs. 9,820 lakhs of cash and cash equivalent balances in the book of subsidiary and Rs. 877 lakhs expenditure incurred on the sale transaction.

^Net cash flow attributable to the operating, investing and financing activities of discontinued operations is presented below:

Particulars	Year ended 31.03.2021 Audited	Year ended 31.03.2020 Audited
Operating activities	-	4,490
Investing activities	-	(198)
Financing activities	-	(222)

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.

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INDEPENDENT AUDITORS' 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"), attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (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

Parent Entity

i. HCL Infosystems Limited

Subsidiaries

i. HCL Infotech Limited
ii. Digilife Distribution and Marketing Services Limited
iii. HCL Learning Limited
iv. HCL Investments Limited
v. HCL Investment Pte. Limited
vi. Pimpri Chinchwad eServices Limited
vii. Nurture Technologies FZE

b. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and

c. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards, and other accounting principles generally accepted in India, of consolidated net loss and other comprehensive loss and other financial information of the Group for the year ended 31 March 2021.

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, its associates and its joint ventures 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 along with the consideration of audit reports of the other auditors referred to in sub paragraph (a) of the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated annual financial results.

Material uncertainty on going concern

We draw attention to note 3 of the consolidated financial results, which states that the Group has accumulated losses and has incurred a net loss of Rs. 19,673 lakhs during the current year. Further its net worth is fully eroded and that the Group's current liabilities exceed its current assets as at 31 March 2021. These conditions, along with other matters set forth in note 5, 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 3, including necessary financial support from a significant promoter shareholder, the management and the Board of Directors of the Parent have a reasonable expectation that the Group will be able to operate as a going concern in the near future. Accordingly, management has prepared the consolidated financial results on a going concern basis.

Our opinion is not modified in respect of this matter.

Emphasis of Matter

We draw attention to note 9 of the consolidated financial results for the quarter and year ended 31 March 2021, which states that 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 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 (order dated 07 May 2020), i.e. from May 2020 to August 2021, at the current market value which will be decided through arbitration in due course. As further stated in the said note, pending this determination, no revenue is recognized for the difference in the expected current market value and the existing contract price for the services provided to the customer, which has also resulted into recognition of upfront loss of Rs 2,440 lakhs for the remaining contract period during the year ended 31 March 2021 which may undergo a revision on finalization of current market value through arbitration in subsequent period.

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 including its associates and joint ventures 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 and of its associates and joint ventures 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 Directors of the Holding Company, as aforesaid.

In preparing the consolidated annual financial results, the Management and the respective Board of Directors of the companies included in the Group and of its associates and joint ventures 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 and of its associates and joint ventures 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. 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 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 and its associates and joint ventures 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.

- Obtain sufficient appropriate audit evidence regarding the financial results/financial information of the entities within the Group and its associates and joint ventures to express an opinion on the consolidated annual financial results. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial results of which we are the independent auditors. For the other entities included in the consolidated annual financial results, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled "Other Matters" in this audit report.

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 SEBI under Regulation 33(8) of the Listing Regulations, as amended, to the extent applicable.

Other Matters

(a) The consolidated annual financial results include the unaudited financial results of three subsidiaries, whose financial results reflect Group's share of total assets (before consolidation adjustments) of Rs. 4,932 lakhs as at 31 March 2021, Group's share of total revenue (before consolidation adjustments) of Rs. 226 lakhs and Group's share of total net loss after tax (before consolidation adjustments) of Rs. 334 lakhs, and Group's share of net cash outflows of Rs 63 lakhs for the year ended on that date, as considered in the consolidated annual financial results. These unaudited financial results have been furnished to us by the Board of Directors and 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 annual financial results. In our opinion and according to the information and explanations given to us by the Board of Directors, these financial results are not material to the Group.

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

(b) The consolidated annual financial results include the results for the quarter ended 31 March 2021 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

SANDEEP BATRA
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Sandeep Batra
Partner
Membership No:093320
UDIN:21093320AAAABH2610

Place: New Delhi
Date: 25 June 2021